

BULLETIN

OF THE

National Association of Credit Men

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It is evident all along the line that the work for new members is starting with vim right now, at the very beginning of the Association year. The tendency has been growing of late to wait until the last two or three months of the year before really earnest and determined efforts for increased membership are made, this resulting in a scramble that has brought in members who did not fully understand the purposes of the organization and consequently failed to develop that interest essential to permanency. The Association will be distinctly better off if the drive for new members is made in the months of October, November, December and January rather than in April and May, for members brought in during the earlier months will become ripened and loyal supporters in our work before the summer inertia has set in.

New Members Reported During September

Atlanta, Ga.

Alexander-Sewald Co.—W. D. Alexander.
Atlanta Fruit & Produce Distributors—J. N. Sewell.
Baltimore Electrical Supply Co.—J. J. Smith.
Fulton Market Co.—Mr. Anderson.
General Electric Co.—J. V. Anthony.
Reed Oil Co.—C. L. Elyea.
Tripod Paint Co.—Jno. M. De Saussure.
Wright-Davis Co.—G. A. Wright.

Baltimore, Md.

Charshee, Thos. A., & Bro.—Thos. A. Charshee.
Green, Amon, & Co.—Chas. E. Gettslich.
Hendley, C. W., & Co.—C. W. Hendley.
Werner, John.

Batavia, N. Y.

Wiard Plow Co.—A. G. Hough, Treas.

Binghamton, N. Y.

First National Bank—A. J. Parsons, Cash.

Boston, Mass.

American Sugar Refining Co., The—Calvin J. Upham.
American Sugar Refining Co., The—Chas. B. Wiggin, Asst. Treas.
Batchelder & Snyder Co.—Charles J. Corwin.
Cochrane Chemical Co.—Lindsley Loring, Treas.
Cosmopolitan Trust Co.—Arthur L. Potter, Treas.
Hanover Beef Company—Albert R. Shepardson.
Harrington, Geo. S., Co.—Frank R. Ellsworth, Treas.
Hungerford, U. T., Brass & Copper Co.—J. J. Whitehead, Mgr.
Peerless Knitting Mills Co.—R. A. Scott, Pres.
Sexton Can Co.
Waters, Bertram G.

Buffalo, N. Y.

Buffalo Flour Co.—S. J. Clark.
Kerr, A. D., Co.—George A. Kerr.
Riehl's, F. Sons—William Riehl.
Swift & Company—J. H. Meckley.

Chicago, Ill.

Baumann, L., & Co.—F. H. Gelderman.
Central Trust Co.—Wm. Dorothy.
Donnerstag, Arthur E.
Franklin Trust & Savings Bank—Simon W. Straus.
Kenwood Trust & Savings Bank—A. K. Brown.
Langston Press—John W. Langston.
Mercantile Trust & Savings Bank—L. M. Gout.
National Printing & Engraving Co.—W. W. Mayberry.
Satterlee, H. B.—Care John M. Smyth Mdse. Co.
Weber Lithographing Co.—O. G. Weber.

Cincinnati, O.

Eggers, A. B., Garment Co.—A. B. Eggers.
Goldsmith, P., & Sons—Oscar Goldsmith.
Harkness & Cowing Co.—F. S. Cowing, Secy.
Loth, E., & Co.—Emanuel Loth.
Telly, Frazer & Co.—H. S. Frazer.
Wallenstein, Mayer & Co.—Walter Mayer.

Columbus, Ohio.

Shaw & Welty Shirt Co., The—H. R. Shaw, Zanesville, O.

Corning, N. Y.

Hoare, J., & Co.—H. W. Baldwin, V. P.

Cortland, N. Y.

Wallace Wall Paper Co.—C. P. Seymour, V. P.

Denver, Colo.

Austin Candy Co.—S. J. Sweet.
Big Four Coal & Coke Co.—L. B. Cannon.

City Bank & Trust Co.—H. Crocker.
Eaton, Crane & Pike Co.—R. A. Brush.
Federal National Bank—W. T. Ravenscroft.

German American Trust Co.—W. F. Dieter.

Hamilton National Bank—E. J. Weckbach.

Hibernia Bank & Trust Co.—Jno. E. Hesse.

Home Savings & Trust Co.—D. A. Barton.

Merchants Bank, The—S. J. Thomas.
Moffat Coal Co.—F. A. Perry.

Rocky Mountain Fuel Co.—N. C. Brooks.

Rugby Fuel Co.—G. C. Davis.
Studebaker Colorado Vehicle Co.—J. Kraimer.

Victor-American Fuel Co.—C. E. Dieter.

Detroit, Mich.

Bishop, J. H., Co., The—A. H. Davidson, Wyandotte, Mich.

De Loye Button Works—Alex. De Loye.

Perry, Judson M.

Elmira, N. Y.

Booth, Irving D.—I. D. Booth, Jr.
Swift Lubricator Co.—A. W. Swift, Mgr.

Fulton, N. Y.

E. Z. Opener Bag Co.—E. J. Penfield.

Geneva, N. Y.

Patent Cereals Co., The—L. J. Lichs, Treas.

Jamestown, N. Y.

Bailey Table Co.—L. K. Jones.
Crescent Tool Co.—Chas. F. Falldine, S. & T.

Diamond Furniture Co.—H. F. Love.

Empire Case Goods Co.—R. C. Olson, S. & T.

Norquist, A. C., Co., The—Frank C. Norquist, S. & T.

Milwaukee, Wis.

Fitzgerald-Phelps & Fargo Shoe Co.—W. N. Fitzgerald.

Minneapolis, Minn.

Excelsior Baking Co.—L. F. Bolser.
Ferris & Grady Co.—W. H. Burd.

Success Mfg. Co.—W. Secombe.

Winston, Harper, Fisher Co.—P. R. McMichael.

New Orleans, La.

American Fish, Game & Oyster Co.—E. D. Willis.

Bloomfield, Wm. B.
Garic, S. E.

New York, N. Y.

Babcock & Wilcox Co.—John G. Ward.
Century Oil Engine Co.—Kenton Harman.

Citizens Trust Co. of Brooklyn—F. W. Bruckhauser.

Lidgerwood Mfg. Co.—Chas. D. Butler.
McElrath, Edward R.

Mirror, The—H. L. Jeffries.
Scheuer & Co.—F. H. Oulcott.

Sinclair & Valentine Co.—A. O. Eldridge.

Sternau, S., & Co.—G. L. Miller
Union Trust Co. of New Jersey—S.

Ludlow, Jr., Jersey City, N. J.
Weiss & Klau Co.—Nathan Klau.

Niagara Falls, N. Y.

Pettebone-Cataract Paper Co.—N. J. Bowker, Treas.

Olean, N. Y.

First National Bank—W. A. Dusenbury, V. P.

Oswego, N. Y.

Ames Iron Works—Geo. B. Hunt.

Philadelphia, Pa.

Acton, Frank M., Co.—Frank M. Acton.

Alva Carpet & Rug Co.
American Credit Indemnity Co.—Conrad D. Waldie.

Bickel & Co.—Clayton O. Bickel.
Chesterman & Streeter, Inc.—D. L. Chesterman.

Clark's Iron Foundry—J. Alfred Clark.
Cleeland's, Robt., Sons—John H. C. Cleeland.

County Fire Ins. Co.—Chas. R. Peck, Pres.

Delany & Co.—Howard S. Delany.
Dimmick, J. K., & Co.—M. R. Gano.

Dunlap, Slack & Co.—John A. Dunlap.
Fulmer, W. W., & Co.—Lewis W. Gibbons.

Haynes-Thompson Co.—Wm. E. Tinkler.

Hecht, F., & Co.
Hunter & Dickson Co.—C. M. Eaton.

Jenkins Bros.—Sam'l Laird.
Konzelmann & Oliver Co., Inc.—Edward S. Oliver, Treas.

March, A. H., Packing Co.—A. H. March.

Mather & Co.—Victor C. Mather.
Moore, John, Sons & Co.—John Moore.

Schrack & Sherwood.
Scott, John, & Co.—Winfield Scott.

Silverman, M., & Son—Wm. Silverman.
Thorn, J. T., Co., The—A. S. Marks.

Tinkler & Co.
Watson & McDaniel Co.—James P. Watson.

Portland, Ore.

Aluminum Cooking Utensil Co., The—
F. B. Layman.
Chapman Advertising Co.—F. I. Gol-
lehur.
Dodge Mfg. Co.—Chas. A. Barnard.
Kalamazoo Loose Leaf Binder Co.—
M. C. Gibson.
Portland Hardwood Floor Co.—F. J.
De Lano.
Scandinavian American Bank, The—
Anthon Eckern.

Rochester, N. Y.

Atlantic Supply House—W. S. Walsh.

St. Paul, Minn.

Behrens, H., Mfg. Co.—H. J. Behrens,
Winona, Minn.
Krank, Alfred J.—B. R. Haberkorn.
Reed Motor Supply Co.—E. A. Reed.

St. Louis, Mo.

Continental Radiator & Fdy. Co.—B. G.
Crosby.
Jackson, R. R.—Care Prince & Co.
St. Louis Crystal Water & Soda Co.—
Frank L. Bartlett.

San Francisco, Cal.

Pacific Implement Co.—W. E. Price.
Sunset Publishing Co.—J. H. Brady.

Savannah, Ga.

Byck, M. S. & D. A., Co.—D. A. Byck.
Slotin, Morris.

Terre Haute, Ind.

Bauermeister, Chas. W., & Co.—Fred
Thornton.

Wheeling, W. Va.

Caldwell, C. F., Co.—A. J. Caldwell.
Dollar Savings & Trust Co.—B. W.
Peterson, Pres.
Frank, S. K., & Co.—S. K. Frank.
Marshall County Bank, The—Jas. A.
Sigafosse, Moundsville, W. Va.
National Bank of West Virginia, The—
W. B. Irvine, Pres.
Schenk, F., & Sons Co.—Allard Doep-
ken.

Winston-Salem, N. C.

Ideal Candy Store, Inc., The—L. M.
Traw, Secy. & Treas.

Everybody Shares In It

With the threatening shortage of cars necessary to move the un-
precedented crops and also manufactures of the United States and
Canada, it is being pointed out that it is now the duty of all business
men to aid the railroads in getting the largest possible service out of
every available car and in taking care that cars be not used for storage
or warehouse purposes. While at some seasons of the year it may be
satisfactory to all parties and of no interest to the public that demurrage
be paid, under conditions as they are today and probably will be for
~~months~~ to come it is a public disaster to have cars out of the service for
~~which~~ they were intended, for a single day beyond the period allowed for
loading or unloading. Pass this word along to the proper parties in
your concern. Help reduce the cost of living aggravated by storage
charges, interest charges, insurance charges, etc., by doing your part to
avoid the piling up of freight at shipping points all over the country
awaiting car facilities. Here is what the National Copper Bank of
Salt Lake City says on this subject in a recent letter:

"The annual cost incurred by our failure to keep our freight cars
at work in the actual transportation of products amounts to several
hundred millions—a cost which directly shows itself in the high
price which all the world must pay for everything it buys, whether
manufactured or grown. *Our need for selling associations, possessing
adequate warehouse and credit facilities, is acute.* Lacking warehouses,
we are compelled to tie up a freight car at a siding for three or four
days while hauling our produce from the farm to be loaded into it,
instead of loading and releasing the car in as many hours, as we
could do with proper facilities. This car delay, repeated in thousands

of places all over the United States, terribly cripples the railroads at the very time when we need their most efficient services. Lacking the credit facilities that would come with co-operative warehouses, many of our farmers, east as well as west, must each year lose a part of the earnings they expect simply on account of the fact that they are unable to hold their crops until the market warrants shipment, but are compelled to throw them on the market at exactly the wrong time, bad for them and bad for all. This is a very live question in the Intermountain country, as in every other part of the United States."

Notes

According to the figures compiled by the *Journal of Commerce* of New York, the total losses by fire in the United States and Canada for the first eight months of 1912 were \$163,750,650, which is about \$4,000,000 less than for the first eight months of 1911.

President Evans S. Kellogg of the Syracuse Association of Credit Men announces that Syracuse now has a credit exchange bureau which it is expected will form an important link in the interchange system by zones, authorized by the Boston convention.

There is nothing that will save a man from losses as will interchanging credit information. Credit men nowadays are talking over freely at the lunch table, their respective experiences with accounts; if you expect a man to talk freely and generously to you, you must take the same attitude toward him.

Members of the National Association of Credit Men who have had experience with the Cadwallader Collection Company of Buffalo, New York; Manufacturers' and Traders' Commercial Agency, Buffalo, New York, are requested to report upon the same to the National office.

President Enoch Rauh of the Pittsburgh association addressed the New Castle Board of Trade at its regular September meeting on "City Government by Commission." He brought out convincingly the advantages of placing the government of municipalities in the hands virtually of a board of directors, as against the usual government by city council and board of aldermen.

The secretary of one of the affiliated branches of the Association, who is a fighter not only for the Association but for everything it stands for, recently said that his organization permits no resignations except those caused by dissolution of business or death. As a matter of fact, the question of resignation is troubling officers less and less as the value of the Association becomes better recognized.

Members of the Boston Association of Credit Men are completely won over by the Credit Exchange Bureau and are learning to depend upon its resources and also to co-operate generously and completely in furnishing data regarding their accounts. There are now over 300,000 references in the files and during the first eight months of the current year 12,134 references were furnished and 28,707 new accounts indexed.

With our expanding interests as a nation, with our reaching out for international trade, with our building for the future generations, this is a period of history-making in sound credit, the time calling for big, broad-minded credit men to take the lever—men whose breadth

of view, clearness of thought, soundness of judgment, patience of disposition, ideality of motives, enable them to accomplish things in true progression and for sound trade building.

Members of the National Association of Credit Men who have had dealings with the Sprague Mercantile Agency, of Chicago; Consolidated Adjustment Co., of Chicago; Barr & Widen Mercantile Agency St. Louis; Whitney Law Corporation, of New Bedford, Mass.; National Collection Agency, of Washington, D. C.; National Credit Exchange, Baltimore, Md.; Pinkerton & Company's U. S. Detective Agency, Southern Division, New Orleans, La.; International Adjusting Co., Kansas City, Mo., are requested to report the results of the same to the National office.

A member of the Association writes to the National office that he has just received a check as a result of having watched the BULLETIN's "Missing Debtor" column. A merchant whom this member had lost track of, through the "Missing Debtor" column was located in the state of Oklahoma. The matter was placed in the hands of an attorney in that state, with the result that the account was collected in full.

Courses in credit instruction have already been planned for by the Young Men's Christian Associations of Brooklyn, Philadelphia, Portland, Cleveland, and St. Louis, and are being planned for Rochester, Los Angeles, and Minneapolis. In all cases the local credit men's association is furnishing the lectures and in most cases has inspired the idea of establishing such course.

On the statute books of Massachusetts is a law regarding collection agencies which aims to introduce greater responsibility into these quasi-trust institutions. Under it, a collection agent has just been sentenced to a term in the House of Correction for prosecuting business in direct violation of the statute. The feasibility of securing like legislation in other states is being considered by the Legislative Committee.

The story was told at a recent meeting of a local association of a party who called upon a business friend located in a second story loft building, and in the course of conversation he asked how long the merchant had been doing business in that place. He replied:

"A long time, some twenty years or more."

"All that time," was the comment, "and never a fire?"

"What is the use?" was the reply. "There is a swimming tank on the floor above me, and a fire department next door."

The Fifth International Congress of Chambers of Commerce had its opening session in Boston, September 24th, with more than eight hundred delegates present. Meetings of the congress are held every third year, with discussions on matters of international trade import. This year was taken up among other matters the question of establishing a fixed day for Easter, regulating international expositions, methods of arbitrating international commercial disputes and the unification of legislation relating to checks.

As it was impossible to arrange for a general meeting of members on the day of President Salisbury's visit to Philadelphia, September 15th, a luncheon was given him, and also Secretary J. H. Tregoe and

Director H. G. Moore, all of the National Association, at the William Penn Inn, Gwynedd, Pennsylvania. There was present about a score of the officers, directors and older leaders of the home association. There were no set speeches, but the affairs of the association were discussed informally.

The problem in credit appearing in the September BULLETIN under the title "What Would You Do With This Order?" aroused a considerable amount of interest. Problems of this sort serve an excellent purpose, especially with the younger credit men, and the BULLETIN would like to publish each month one or two problems as difficult as possible, taken from real cases. We feel sure that the efforts of the members to make this department interesting will be deeply appreciated. Let this matter have the careful consideration of many.

Acting through the adjustment bureaus of the Columbus and Cleveland associations, creditors of Jacob Roth, bankrupt, of Ashland, Ohio, have prevented his discharge. The discharge was denied by Referee Smith in a lengthy and interesting opinion, whereupon appeal was made to the district court, where Judge Day refused the petition and ruled adversely to the bankrupt. The opposition to a discharge was based upon the failure of Roth to keep books with the intent to conceal his financial condition.

The post office department has just reported that there is a healthy growth in the business of the Postal Savings Department, the figures showing that the public is taking advantage of the security afforded, and making deposits in increasing numbers. The number of post offices designated to receive deposits are now 12,760, and the amount of deposits received, \$23,500,000. Considering the fact that the movement is still very young, there is much reason for satisfaction in these figures. They show that the postal savings bank is filling an important place in public economy.

In the October term of the Circuit Court of Cook County, Illinois, William A. Pinkerton and Allan Pinkerton, doing business as "Pinkerton's National Detective Agency," have asked for the intervention of the court to prevent Matt W. Pinkerton and associates from using the names "Pinkerton Detective Agency," "Pinkerton United States Detective Agency" and "Pinkerton & Company, United States Detective Agency," or any combination of these words on the ground that the public is led to confusion with reference to the long established Pinkerton's National Detective Agency.

A member of the Association complains that a certain customer, after using for show purposes merchandise which he had purchased, returned the same for credit, and that this customer is constantly guilty of unjust claims. The Association's contention is that unjust claims are best exposed through the mercantile agencies or the interchange bureaus of the Association, and if our members are not taking advantage of either of these natural means of exposing those who practice such despicable tricks on creditors as our member cites, they are failing to apply the first remedy that should be thought of.

A committee has been appointed by the Boston association to consider the establishment of an adjustment bureau as another department of the association work. The committee consists of Frank C. Hatch,

William D. Harvey, Rufus W. Jones, F. Warren Kimball and George H. Willcockson. It is preparing subscription blanks for circulation among the members in order to test out the interest in the plan, for owing to the limitations of its charter the association's adjustment bureau must be conducted as a separate corporation. Chairman Hatch reports that up to the present there is every evidence of a substantial interest.

Mention in the September BULLETIN of the Picard law adopted at the last session of the Louisiana legislature, regulating the sale of boots and shoes in that state, may have been overlooked by some to whom the law is important. The statute imposes important regulations upon the sale of footwear in the state, regulations which probably would be held constitutional. A copy of this statute can be secured from the National office. It becomes operative after July 1, 1913. Therefore it will be well for all manufacturers and jobbers selling boots and shoes in Louisiana to know its provisions.

The movement to broaden the work of bureaus for the exchange of credit information now connected with some forty-six local associations so that there shall be an interchange of information between the bureaus, this question being one of the most important taken up at the Boston convention, is stirring up interest among those local associations which have not established bureaus, to the necessity of arranging for them. Chicago, which has the second largest local Credit Men's Association, is showing especial interest in this subject, and of course, when a bureau is established there, it will form a tremendously important link in the great bureau system of the country.

The attention of members who do business in New York, New Jersey, Rhode Island, Ohio, Illinois, Michigan, Minnesota, Missouri, Montana, New Mexico, Tennessee and Connecticut is again called to the laws in those states heavily penalizing the giving of a false written statement for the purpose of securing credit. Any desiring copies of these acts may secure them upon application at the National office, as also a brief bearing upon the statutes of the first three named states prepared by counsel of the Association.

Perhaps it will prove expensive some time if you do not happen to know that in the absence of a specially stated value on a package delivered to an express company the express company is, in case of loss, liable only for the amount printed in its contract, usually \$50, or fifty cents a pound if the package weighs more than 100 pounds. This has been decided by the courts of many states, the theory being that it is not a limitation of liability fixed by the carrier, but a contract between the carrier and shipper whereby the shipper agrees with the carrier that the value of the goods is as stated. Under such circumstances the shipper of course can recover on lost packages no more than the agreed value.

The extent to which a party or parties are able by placing orders for petty amounts, say \$10 or \$15, to gather in an immense amount of goods is illustrated in a case reported upon by a collection lawyer in a certain state, who returned to a member of the Association as uncollectible one of these small claims with the remark that he had had at least four hundred claims on the same party and had to make the same reply to each, "Uncollectible." If three or four or, at the outside, a dozen of those who had been defrauded had kept the envelopes in which they had received their orders in all probability this petty crook could have been

effectually estopped from his practices by a term of residence in one of the federal penitentiaries. The credit men of our large houses have got to work out some plan so that the envelopes in which communications from men of this character are received shall not be lost.

The credit men of Missouri, Illinois and Ohio are actively making preparations to secure the passage of bulk sales legislation in their respective states. The way has been made clear in Ohio for the passage of a bulk sales statute through the adoption on September third of a constitutional amendment recommended by members of the association. With bulk sales legislation an accomplished fact in the three states named, there will remain but South Dakota, Kansas and Arkansas in which to secure this legislation, before a practically uniform law on this subject is had over the entire Union. This will be an achievement demanding sharp, decisive work. The states still without this law are now so few that no opportunity should be lost to complete the task to which the National Association applied itself almost immediately after its formation.

In writing about losses recently a credit man said that he had his opinion of the man who reports that he has had no losses. It is for the credit man, he said, to keep a close and accurate watch upon his losses, and if he finds that he is fortunate, he is entitled to let down the bars a bit and take a few more risks, and while this would increase his losses in a few cases, still the net result would be a profitable increase in sales, or at least this ought to be the result. The credit man, he said, can make himself the best salesman for the house, passing orders to customers, perhaps, long after the salesman felt that this was not warranted, and yet through clever credit and collection work, money might be successfully collected month after month, and the loss at the wind-up be extremely small. The credit man's business is to enable his house to make the largest possible sales, and still hold losses within a low margin.

The correspondence coming to the National office as a result of the discussion in the Association's publications of the "terms of sale" problem indicates that credit grantors are much troubled on this subject. Failure to comply with terms of sale by those who pretend to take the ten day cash terms is apparently more common than compliance, and one of the reasons assigned by offenders is that it is impossible, where a large amount of merchandise is being handled, to pay in ten days from receipt of invoice unless payment is made either before the goods have been received or at least before they have been checked by the various departments. Frequently, it appears, merchants interpret the cash sale terms as dating from the day of receipt of goods, which may be anywhere from five to twenty days later than the date of invoice. If this difficulty is common—and it seems to be—is it an argument for net terms, no discount? The BULLETIN will be glad to publish opinions on this point.

Attention is called to the fact that this issue of the BULLETIN presents for the first time the list of members of the various standing and special committees for the year 1912-13. Only the name of the chairman of the Legislative Committee is presented, the composition of that committee being not yet complete. This committee is made up of one member from each local association of credit men and several individual members. It is hoped that it will be possible to present a complete list of members of the Legislative Committee in the November number.

There are several new committees this year appointed by authority of the Boston convention. These committees will direct the attention of the Association into new and important channels. Many of them have already effectually begun their work. All of them are keeping in close touch with the National office and the BULLETIN intends each month to specialize in the work of some two or three.

In the case of *H. K. Mulford Co. vs. C. F. Curry*, Secretary of State (reported 44 Cal., p. 80), it was held that the laws of California attempting to impose a tax upon the entire authorized capital stock of a foreign corporation doing business in that state was unconstitutional and void. This is in accord with the decision of the United States Supreme Court (*Western Union Telegraph Company vs. Kansas*, 216 U. S., page 1) declaring unconstitutional the principle of basing the amount of the tax upon a foreign corporation on its entire capital stock. The decision establishes the principle that the state may levy a tax upon a foreign corporation based upon the amount of capital employed by the corporation within the state. Of course, the amount of the tax varies in each state, and there may be what is called the license tax, or tax for the privilege of entering the state, based upon the amount of capital employed, and the franchise tax based on the business done by the corporation within the state.

"It simply shows," said a credit man at a noonday meeting a short time ago, "what cunning attempts to beat creditors, the exchange of credit information will bring out, and how it will help a man to keep away from big losses if he only acts upon the clues the interchange gives him. Jones and Company was buying goods of me right along in fair quantities and paying me all right. I hadn't a fault to find with the account, and yet I got reports from three other houses putting Jones down as running from slow to bad. I felt that the reason was that we had Jones on a good basis, that he felt very friendly toward us, and the trouble must be with the other houses. But the time came when I found that it wasn't a question of friendship with Jones, but a question of 'doing' me and 'doing' me hard as soon as Jones got ready. So I have made up my mind for the future not only to be vigilant in exchanging credit information, but as consistent as possible in taking advantage of it."

An incident which clearly indicates the methods pursued by some pay-in-advance collection agencies to make their canvass for subscriptions almost irresistible was brought out recently by a member of the association who had been solicited. The agency in question had ascertained that our member had a claim amounting to between \$2,000 and \$3,000 against a certain concern, and playing upon this point, its representative alleged that the defunct concern had made false returns in bankruptcy, and that his agency had found concealed assets sufficient to meet the claim, so that practically positive assurances could be given that it would be collected in full with interest. There could be no harder temptation put up to a credit man to pay the advance fee—in this case something over \$200—in what seemed to be an absolutely sure chance to change an item of over \$2,000 now on the profit and loss account to cold cash. While the credit man ordinarily is an investigator, here surely would seem to be a justifiable gamble. It is human to feel positive irritation under such conditions when it is suggested that it would be well to go slow and investigate before taking the leap. In this particular

case, however, the credit man got in touch with one of the branches of the Association and also with the National office, and now says: "When your letter confirming the advice received from ——— reached us, our opinion of the Credit Men's Association, which was already high, went still higher, and if at any time we can reciprocate we shall be only too glad to do so."

At the first session of the class in credits conducted at Portland, Oregon, by the Young Men's Christian Association in connection with the Portland Association of Credit Men, there was an enrollment of twenty from outside the Credit Men's Association, and several from within it, with promises of several additions by the time of the next meeting. In opening the meeting, President Knapp of the Portland association, who is at the head of the movement, gave this illustration to indicate what must be the attitude of every man toward the course:

"I once knew a farmer who made money, though his neighbors failed to. The secret of it, he told me, was that while his neighbors were trying to see how small an amount of fodder they could squeeze through the winter on and bring their cattle out alive, he was trying to see how much he could get into his cattle, for he knew that the more he got into them the more money he would get out of them. Now," said Mr. Knapp, "the same principle is true concerning the Credit Men's Association, and the new class in credit management; the more study, energy, work, thought and application an individual puts into it, the more real good he will get out of it, and the more certain he is to get a good profit on his investment."

The value to receiverships of such expert knowledge as the public accountant can apply was brought out in a recent bankruptcy case in New York. The receiver in this case was authorized to conduct the business in the various stores belonging to the bankrupt. Through his familiarity with figures as applied to the retail business he discovered that somewhere in the stores a leak existed and set about to find its source. He figured out the merchandise sold and the amount of cash on hand in the various establishments, fixing the deficiency upon a certain one of the stores. Detectives were retained, one of them being installed at this store as a clerk, and for several nights spent his time learning something about the price of merchandise he was supposed to sell in order that the regular employees would not suspect his identity. One day a supposed customer entered the store, selected a necktie in a hurry and tendered the exact change for the scarf, which he stuffed in his pocket with the remark that he wanted to catch a train. The detective from behind his counter watched the clerk slip the fifty cent piece in his pocket. This fact he immediately communicated to the receiver, who sent for the offender. After a third degree interrogation the clerk confessed, implicating several other employees and revealing to the receiver that many goods had been taken away to the homes of the employees. This confession was followed by a large number of signed confessions, and of course the clerks were discharged, all of which is presented simply to show the peculiar value of a receiver who is an expert in figures.

No matter how convincing the canvass presented you regarding any collection agency, do not sign a contract for handling your col-

lections whether advance payment is asked for or not, whether you intend to hand over hopeful or hopeless accounts, without first consulting our files. This will save you time, money and annoyance. We are trying to make it impossible for the dishonest collection agencies to make a living. If our members, despite all we can say, persist in fattening them, what can we do?

"It is astonishing," said a credit man the other day, "what chances a man will take when his business is going to pieces." He cited a bankruptcy case in which he was interested in which it was brought out that in a desperate attempt to raise money the bankrupt—of course before petition was filed—took one of his large accounts, the due date of which was some sixty days off, to a lawyer, assigning it in return for a large cash advance. From the lawyer's office he went direct to the creditor whose account he had assigned, told him he was hard pressed for ready cash and would appreciate a note to cover, due on the date that the account fell due. The customer, while not in the habit of giving notes, saw no reason why he should not in this case arrange for the accommodation and promptly signed a note, which the recipient took to the customer's bank with the expectation of selling it. As the bearer of the note had no account at the bank it declined to buy except with the guarantee of the giver of the note. This was readily secured, whereupon the transaction was closed and the maker and seller of the note separated, the latter with the cash realized twice on his neat little trick. Shortly after the maker of the note reached his office word was received from the lawyer that the account had been assigned to him.

In the prosecution of the so-called wall paper trust before United States District Judge William L. Day, of Cleveland, there was an attempt upon the part of the prosecution to read into the Sherman Anti-trust Act a prohibition against two or more parties agreeing between themselves to refuse to sell to another party because they regarded his credit not satisfactory. The prosecution claimed that this situation had come out in an investigation of the wall paper interests, who had made no denial as to the correctness of the contention but insisted that such act was not criminal under the meaning of the statute. One of the wall paper manufacturers was placed on the stand and was asked why he refused to sell the plaintiff, Hall. This question was objected to by the prosecution, which lead to argument upon the question as to whether it is justifiable for two or more merchants to refuse to sell to a certain party on grounds of weak credit, or whether such act does not make the parties amenable to the Sherman law. The defense contended that inasmuch as Hall had been declared a bankrupt and had impaired his credit with the wall paper men they were justified in refusing to sell him, and in refusing to sell him were acting for their own protection and not with any intention of restraining trade; that the Sherman law was not intended to cover cases wherein it could not be shown that there was any intention of restraining trade. On the other hand, the contention of the prosecution was that despite the condition of Hall's credit he was entitled to protection against any agreement that might be made among the men with whom he had to deal, for, contended the prosecution, any man could refuse to sell or deal with another man, but if he went to the extent of inducing another man to unite with him in his action he was subject to prosecution. It is sufficient to say that the case was ended by acquitting the five parties involved in the prosecution.

Fire Marshal John W. Zuber, of Ohio, is indefatigable in his efforts to arouse the people of the state to common fire dangers. He has just written a text book on "The Dangers and Chemistry of Fire," which is being distributed in the high and elementary schools of the state. In it are forty lessons dealing with fires, their cause and prevention. In compliance with the Reed law the principal of every school must use this volume regularly, and after having gone through the lessons with his pupils is instructed to answer the following questions, forwarding the answers to the fire marshal:

Is the method of presentation good?

Are the lessons couched in language simple enough to adapt to children of the ages for which they are intended?

Do the lessons awaken interest?

Do the children appreciate the points?

What suggestions, in general, can you offer to make more effective the attempt of the department to instruct the school children of Ohio in this most important subject?

The volume is divided into the following general headings:

Carelessness with matches, the safety match, death from playing with matches, the coal oil or kerosene lamp, kindling a fire, stoves for cooking and heating, open fireplaces and grates, fires from chimneys, stovepipes and smoke, sparks, the ash heap and the coal pile, dangers from leaking gas, gas lights, the danger from Christmas trees, the district school house.

Fire danger from grease and oil, gasoline used in washing, gasoline stoves, gasoline for lights and other uses; fires for killing insects in garrets, bedrooms and closets, common fire dangers, village church fires, the burning of city churches, electricity, electrical arc lamps, telegraph and telephone wires, to save lives of persons, fighting fire in the home, what to do, first aid to the burned, things made from celluloid, barns and stables, smokers and rubbish, the lightning stroke, protection from thunderbolts, less dangerous fireworks, deadly fireworks.

There is perhaps no member of the National Association of Credit Men who has a better understanding of the animating principle of the National Association of Credit Men than President Herbert E. Choate, of the Atlanta association. In his long connection officially with the Association, Mr. Choate has always laid stress upon principles actuating our work and insisted that all our activities measure up to them. He brought this out with remarkable clearness and telling effect in his introduction of President Salisbury at the Atlanta banquet held September 13th, when he said:

"The history of the National Association of Credit Men is one of remarkable if not unparalleled achievement. From a small beginning, numbering some two or three score of men, we have an organization today numbering 16,000 of the largest and most representative manufacturers, jobbers and financial institutions of the country.

"The combined capitalization of the members of this organization would require ten figures to express, and the volume of business that passes annually under the pencils of their credit dispensers is well nigh incalculable.

"But if one imagines that our organization has no object other than the conservation of the material resources it represents or the development of its utilitarian aims, he stands in need of enlightenment; for I think I speak truly and out of a more or less intimate knowledge of its history and genius when I say

that it is pre-eminently an organization of ideals and that in the working out of those ideals its most noteworthy achievements have been along purely ethical lines.

"We have been fortunate in having as our leaders men of exceptional character and ability—men of broad gauge, who have been successful in their own private undertakings, and yet who have been unselfish enough to give freely of their time and thought to a work largely, if not wholly, altruistic."

In the annual report of the Utah Association of Credit Men for the year 1911-1912 just issued a summary of the work of the Adjustment Bureau presents the following figures:

UNDER NEW CASES HANDLED.

		Liabilities
Number of assignments	35	\$171,713.42
Number of bankrupt estates	27	37,152.48
Number of assignments to other than this Association.	36	44,286.33
Number of cases in which claims assigned for suit	4	2,655.17
Number of composition settlements	4	10,594.00
Number granted extension of time	14	100,285.22
Special settlements	3	19,848.34
Number of cases in which Bulk Sales Law was instrumental in making settlement	1	9,834.62
	124	\$396,369.58
Number of cases closed during year		116
Amount of claims filed in estates closed by this Association..		\$223,089.41
Amount of dividends paid in estates closed by this Association		117,611.70
Average per cent. paid on estates closed by this Association.		50.18
Amount of claims filed in estates closed and handled by others than this Association		23,172.56
Amount of dividends paid in estates closed and handled by others than this Association		9,620.05
Average per cent. paid in estates closed by others than this Association		49.61
Amount of claims filed in estates closed through bankruptcy.		43,445.31
Amount of dividends paid on bankrupt estates closed.....		3,232.16
Average per cent. paid on bankrupt estates closed		24.85

Under the report of the credit exchange bureau it is shown that trade reports to the number of 25,554 were furnished to the members and property statements to the number of 1,688.

A mercantile agency report is never complete without a signed statement of condition and full information regarding fire insurance, or at least without reference to these two subjects. The Association has issued some special blanks which are put up in blocks to be used in checking agencies when failing to supply information under these headings. These blanks will be furnished members free of charge upon application to the National office. When writing, state what agency you wish the blanks to apply to.

Resolutions Upon the Death of Michael E. Bannin

THERE ARE FEW WHO DID SO MUCH TO GIVE CREDIT DEPARTMENTS AND THOSE PRESIDING OVER THEM THEIR PRESENT DAY VALUE.

At the annual meeting of the Board of Directors of the National Association of Credit Men, held September 17-18, 1912, the following minute upon the death of Michael E. Bannin was adopted:

"Rich as the National Association of Credit Men is in men who profoundly understand its purposes and willingly devote much of their best thought and energies to its service, yet we can ill afford to spare from our ranks such a counselor as was Michael Eugene Bannin, who departed this life August 7, 1912. Yielding to none in his understanding of large credit problems, his implicit confidence in the ability of credit grantors to better the conditions under which credit is being extended proved a great factor in the Association's early development, and the fact of his devotion and that of a few others of similar standing and training undoubtedly accounts for the strength of the foundations upon which the Association is built.

"Sterling as were his business traits, the real power of the man was his warmth of kindly feeling toward his fellows. There was never any doubt about Michael E. Bannin; always courteous, always fair, always helpful, he served his day and generation well and enriched the lives of those who were fortunate enough to work with him.

"The spirit of constancy which characterized Mr. Bannin is not given to most men. With most of us, after a few years of devotion interest begins to wane, and so this Association and the great credit affairs of the country over which it endeavors to exert a powerful influence, owes much to Mr. Bannin because it had not only the best thought of his vigorous middle life, but of his riper years.

"The Board of Directors convened in annual meeting this seventeenth day of September, nineteen hundred and twelve, in behalf of the whole Association, takes this occasion to express its profound respect and regard for Mr. Bannin and its sense of gratitude for what he contributed to the Association's life and activities out of his fine mind and personality.

"Be it **RESOLVED**, That there be spread upon the minutes of this meeting, in memory of Mr. Bannin, these simple expressions of regard and respect, and that a copy thereof be printed in the next issue of the **BULLETIN**."

At its September meeting the Cleveland association adopted the following minute:

"Michael Eugene Bannin was a loyal member of the National Association of Credit Men, devoted to its interests, conscientious in the performance of his duties, both as an officer and member, faithful to his associates and friends, among whom a number of Cleveland men were happy and fortunate to count themselves.

"He was considerate towards all, helpful, thoughtful and appreciative. Being a man of strict integrity and highest business principles, he was considerate towards the weak, but stern towards sham and dishonesty. To his duties he brought a well-trained mind and whatever work his hand found to do, he did with all his might.

"The business world and his associates lose, through his demise, a loyal friend and defender of all that is good and true, and a leader in business.

"To his family and to the New York association we express our sincere sympathy in their bereavement."

CENTRAL CHATS

A BANKING expert and a recognized exponent of banking reform has publicly stated that the needed reform of our banking and currency system would not be granted until we had passed through another disastrous panic. This statement, coming as it does, from a recognized authority, seems incredible and sounds a note that should be heeded.

A writer on banking reform made this statement:

"It is for the commercial community to decide whether the present system shall be continued or one better adapted to current needs and designed to furnish suitable protection to the business interests, to the farmers and to the salaried and consuming classes of the country, shall be enacted."

Recognizing that panics are simply needless frenzies and very expensive and wasteful of our commercial and financial resources, and that we have no protection against the recurrence of these frenzies under our existing banking and currency system, and that the responsibility for bringing about the needed reform, and the necessary protection of commercial credits now rests supposedly upon commercial men, the National Association of Credit Men has responded to the call and will carry forward an earnest and persistent campaign for banking reform.

This is the greatest of our present national questions; it has a direct bearing upon commercial credits; it is therefore worthy of our sincerest and best efforts, and we glow with the belief that our demand will be heeded and that all sections will unite in bringing into being a system that will protect and soundly develop our domestic and international trade.

CENTRAL CHATS

“**W**ATCHING the signals” when running at high speed is a precaution which brings safety in trade as well as in transportation.

Over-confidence and unwarranted fear are contagious and psychic attitudes, and it is perfectly easy to understand how men may lose control and be carried by the current up-stream or down.

Commercial men have been in a waiting attitude for months. Crop and industrial reports are now most encouraging and pleasantly colored despite political agitation, and it looks as if the waiting engine of commerce is getting up steam for a run at high speed; so “watch the signals.”

Commercial and financial frenzies are the aftermath of over-trading, unwise expansion, and unsafe credits. Eternal vigilance should be the constant companion of the credit grantor, and a “sound position” is the “Isle of Safety” when the current runs strong, up-stream or down. The man at the throttle is the credit grantor and as he resists the sleep of over-confidence and persistently watches the signals, his safety is sure, and waste, through relaxation of vigilance and disaster, prevented.



The Newly Elected President of the New York Credit Men's Association

At the annual meeting of the New York Credit Men's Association held in September, George H. Williams, of H. A. Caesar and Company, who for the past two years has been the association's vice-



president, was elected to the office of president. Mr. Williams' thorough grounding and unusual experience in practical credit work naturally make him a leader in credit circles.

He first became known in his chosen field in 1888, when he went

to the Bradstreet Company. Here his keen insight into the requirements of credit grantors was quickly recognized, with the result that he was put on special agency work, following which came an assignment to the textile trade in its many branches.

Mr. Williams rapidly made this department of the agency's service so important that it became too large for one man to carry, and he asked to be relieved of a part of it. The agency, following his suggestion, put another on commission house credits, but Mr. Williams' absence from the credit offices of the commission houses was quickly noted and an offer to take up special reporting for ten large commission organizations promptly came, his duty in his new position being to handle their more important credit investigations. This arrangement lasted but a few months, for there was something better awaiting him with H. A. Cæsar and Company, with which house he made connections seventeen years ago.

With two or three other leading credit men of New York, Mr. Williams was interested in the formation of the Creditors' Audit and Adjustment Association, composed of various representative textile firms, organized to administer estates in bankruptcy under the supervision of creditors. In BULLETIN articles, Mr. Williams has made clear that he has big, broad views regarding adjustments, and the Creditors' Association aimed to carry his views into practice in the great New York market.

All who know Mr. Williams recognize that the New York association is to be served by an able executive, one who is well worthy of taking a place in the long line of splendid credit leaders who have managed the affairs of that important organization.

Objected to his Jobber Putting in His Time Finding Out Everything through the Credit Men's Association

Alfred H. Burt, formerly president of the Buffalo Association of Credit Men, in speaking before a gathering of business men in Toronto, told them how one of his travelling salesmen came to him one day and said: "I wish you would stop stamping our invoices with 'We are members of the Buffalo Association of Credit Men.'"

"Why?" said Mr. Burt.

"Well," said the salesman, "you know Charlie So-and-So has been a good customer for many years."

"Yes, but what about it?"

"Well, you know So-and-So, our competitor; he went to Charlie and knocked you and the Buffalo Association of Credit Men, and the result is that when I called on him in my last trip, Charlie hesitated and did not give me an order. He said: 'If Burt is putting in his time finding out everything from that Credit Men's Association, I am going to trade with someone who isn't.'"

"John," said Mr. Burt, "let me tell you something. You will see Charlie in four weeks. When you do, say to him that I am a member of the Buffalo Association of Credit Men, and served five years as its president, and that the very competitor he referred to was here only yesterday asking me for information, and I said: 'Why don't you pay your dues and help along the work of exchanging credit information which you are trying to take advantage of?' Then I want to have you ask Charlie if he ever had any benefits from the 'Garnishee Law,' and if

he has, tell him that the Buffalo association helped to promote and pass that bill at Albany."

Mr. Burt finished with the remark that the competitor's first order from Charlie was his last, and that he is selling him all his goods just as before, which only indicates, as Mr. Burt believed, the advantage of being strictly honest and frank.

President Taft Yields to the Philadelphia Association of Credit Men

STERN MUST STAY HIS FULL TERM IN JAIL.

An article appearing in the Philadelphia papers about the middle of August was a signal for a hurry call for the leading members of the Credit Men's Association of that city to come together and determine what policy should be adopted upon the reported commutation of sentence of Benjamin Stern, convicted in 1910 of fraud under the Bankruptcy Act.

It was felt that the administration at Washington could not have been fully informed as to the circumstances of this case, else commutation would never have been considered, for conviction had been brought about after exposure of a rank conspiracy to defraud creditors and concealment of thousands of dollars worth of merchandise from the trustee in bankruptcy. It was therefore resolved to lay the facts before the authorities in Washington with a view to securing a re-consideration of the decision to reduce the period for which Benjamin Stern had been sentenced.

Secretary McKee was therefore instructed to address the President of the United States in behalf of the credit men of the city and express their views that if the sentence of Benjamin Stern be reduced from a nine months' to five months' service in the penitentiary, the result would be to place a premium on fraudulent failures in the Philadelphia section and in a large extent to nullify the wholesome effect which had been brought about by his conviction. Mr. McKee pointed out that because of many similar fraudulent failures in Philadelphia previous to the Stern failure, merchants realized that some decisive effort must be made to curb them, and therefore at a meeting of the creditors comprising many of the leading merchants of the country it was unanimously concluded to contribute a substantial fund for the purpose of prosecuting the Stern failure, this money being raised without difficulty.

Mr. McKee also pointed out how difficult it is to secure convictions in failures, and how in this case it required the employment of detectives, expert accountants, the taking of a mass of testimony in Philadelphia and numerous other points, so that several months intervened before the members of the firm were arrested; but so conclusive was the proof of fraud that the court promptly recognized that one of the grossest of criminal frauds had been perpetrated.

Mr. McKee pointed out how a motion had been made for a new trial but refused, and upon appeal being taken to the Circuit Court of Appeals, the higher court sustained the findings of the district court, and the bankrupts were sentenced. He pointed out further that in spite of the flagrancy of the fraud the court tempered justice, making the sentence extremely reasonable, giving Benjamin Stern, the member of the firm who had charge of all the finances and did all of the buying and was the prime mover, nine months; Charles Stern, his brother, who assisted Benjamin in his activities, received a sentence of five months, and the remaining

member of the firm, the father, who was for the most part a figure-head, was merely fined.

It was on these grounds that the President was urged to reconsider the administration's decision.

The activity of the Philadelphia organization has borne fruit, the department at Washington having reversed the decision to commute Benjamin Stern's sentence.

Just the briefest review of the case as reported in the December, 1910, BULLETIN will be interesting. It was there reported that Joseph Stern, Charles Stern and Benjamin Stern, trading as J. Stern and Son, manufacturers of shirtwaists at Philadelphia, had been found guilty of conspiracy to conceal the sum of \$28,000 from their trustee in bankruptcy; that on March 30, 1909, an involuntary petition in bankruptcy was filed against them and upon investigation it was found that the place of business had been virtually cleaned out, that there was not a book or paper of any value remaining in the office, and in addition to the machinery the only asset found was a mass of raw material cut up in parts of shirtwaists, it being evident that piece goods were cut up so as to make them of no value to the estate.

A meeting of the creditors was called by counsel for the bankrupts, and at that meeting in New York an offer of 33 1-3 per cent. settlement was made, but creditors were satisfied that they had been subjected to a serious fraud and although they appreciated that they could not realize from the estate the amount offered by the bankrupts, they resolved unanimously to reject the compromise offer, and virtually all the creditors not only pledged toward the expenses of prosecuting this case all of the assets which might be derived out of the estate, but also an additional sum of five per cent. of the amount of their respective claims.

There was then appointed a committee of creditors to conduct a prosecution, and it is interesting to note that upon this committee was the late Hugo Kanzler, who members of this Association will remember as having died just as he was about to start for the convention of the National Association of Credit Men at Minneapolis in 1911.

In the investigation into the bankruptcy thousands of pages of testimony were taken, witnesses were examined in numerous parts of the country, and upon the presentation of the facts to the United States District Attorney's office a warrant was sworn out against the three members of the concern, indictments were secured and a trial before the Grand Jury, occupying eight days, resulted in a verdict of "guilty" against all parties.

At the trial it was shown that the liabilities amounted to approximately \$55,000, most of which was for merchandise purchased within a brief time prior to the failure, and that all of the assets which came into the possession of the trustee amounted to \$5,200. It was also brought out that within a few weeks of the failure, when numerous customers were clamoring for shirtwaists and the Sterns were stating that they were too busy to make deliveries, the firm sold to a party in Boston 106,000 yards of fresh piece goods, the proceeds of which were immediately paid over to supposed borrowed money creditors, the names of which creditors could be found upon none of the books.

It was shown that about the time the Sterns apparently started to prepare for their failure all of their previous books suddenly disappeared, and again, that at the time they could not supply their regular customers with shirtwaists they shipped \$4,500 worth to a

party at Lawrence, Massachusetts; a young man who had been in the country but a short time and was a peddler. Upon receipt of these goods, as it was found, he had opened a store in Lawrence, but that upon the day the petition in bankruptcy was filed all of this merchandise disappeared from the store.

It was brought out also that many checks were drawn by the concern to fictitious persons, and after passing through numerous channels arrived in the hands of parties presumed to be acting with the Sterns in the preparation of the failure. This and other discoveries of false entries were brought out by the expert accountants.

A Suggestion For a New Fire Insurance Policy Contract. How Does It Appeal To You? Give the Association Your Views

A leader in insurance thought, addressing Vice-President Meek recently, brings out a suggestion that is well worth profound consideration among both buyers and sellers of insurance.

The Association hopes that all whom this BULLETIN reaches will read the letter, and that many will be moved to pass an opinion upon its proposal, giving the National office the benefit of conclusions.

"I would like, as a matter of information, to get a little clearer idea of the view of credit men relative to insurance.

"As you are aware, insurance is ordinarily sold specific, with 80 per cent. co-insurance clause and also blanket, with 90 per cent. co-insurance clause.

"Is it not a fact that the ordinary requirements of commercial credit are satisfied if the party insures his goods to 80 per cent. of the sound value, or 90 per cent. of the sound value, as above?

"Or would you say that it is generally looked upon as a mark of higher credit that the property owner should insure upon the 90 per cent. basis?

"If so, would you say that there is any general added sense of credit among credit men toward those parties who carry full insurance, or 100 per cent.?

"What I have in mind is this, that if the ordinary requirements of business credit deem a commercial party to be in good standing with 80 per cent. insurance, this means that the credit man is aware that with one risk property the insurer is subject to 20 per cent. loss in the event of total loss of the property.

"Reasoning from this, I should say that a commercial party would remain in good credit standing if he were to carry 90 per cent. insurance, the first 10 per cent., however, at his own risk. In other words, collecting 10 per cent. for 20 per cent. loss; 90 per cent. for a total loss.

"You will agree with me that if property insurance were abolished up to 10 per cent. of the sound value, so that each and every property owner was compelled to feel directly and immediately all losses, the insurance to act later as a shock absorber, also to prevent parties being thrown upon the community as paupers, we would have a very speedy self-education on the part of the public and a swift reduction in the number of fires, and consequent fire waste.

"Doubtless it will incidentally occur to you that the above plan is precisely what sellers of insurance and also buyers of insurance do not want. The sellers wish to sell all they can and the buyers wish to have the insurance take all of the bottom loss and to do their own gambling as to those losses which run to the top of the values.

"The fact remains, however, that such a system is one which is bad public policy in that it permits for a price that anyone and everyone shall place into the general property insurance pool their indifference and their carelessness as well as their actual misfortune.

"Passing over whether you agree with me as to the view last expressed, I would like to know whether there would be any injury as to a man's commercial credit by reason of his assuming the first 10 per cent. of his risk, in lieu of the last 10 or 20 per cent. of his risk as now?"

The Credit Man Who by Painstaking Investigations Gave His House Without Competition a Golden Stream of Business

We often hear how the credit man, by pushing the investigation of an account to the point where he has in hand *the last word of information available*, saves his house from heavy losses, but more interesting perhaps is the story of the credit man who by delving deeper than his fellows uncovers an account that veritably lets in in a golden stream to his concern.

For instance, here was a newly formed corporation that offered one of the members of our Association an order for something over \$3,000. The corporation was investigated through the agency channels—about the only sources of information in view of the fact that no trade experience for the new corporation had been established. The agency reports warranted the acceptance of the order, but the difficulty was that this order was speedily followed by another equally large, and before that could be filled, by still another of the same size; as each shipment had a dating of several months, the new corporation, upon completion of all orders, would be indebted for over \$9,000. But the credit man had not been asleep. He had ever since the first shipment been delving deeper and deeper for information, and after patient searching had discovered of just what sort of stuff the corporation was made, and this not directly from the concern itself, but from positive sources upon which he could rely. The credit man now knew that he was on solid ground and without consulting his superiors accepted the orders and shipped the goods.

Incidentally, the president of his company learned of this \$9,000 account and called upon his credit man for an explanation. The president was told that the account was not to remain at \$9,000, but before the first payment was made it was going to reach the sum of at least \$21,000 and probably \$24,000 in open account for this new corporation. The credit man pointed out to his superior that he was securing good business with absolutely no opposition, that there was not a single competitor who dared ship the goods in the quantities demanded because none had in hand the facts which would warrant such an extension of credit, that there was not a credit man of any of the other competitors who had delved as deeply as he and found the truth. He showed the president that he was receiving information regularly each week which

made it as certain as anything could be that every bill would be met upon the day it was due.

The explanation was satisfactory and, as the credit man had prophesied, a credit of over \$21,000 and nearer \$24,000 was extended the corporation.

And now comes the day of reckoning. Was the credit man right? He approached it with absolute equanimity for he knew what he had been doing and it became his pleasure upon every due date to lay upon the president's desk the evidence that he was right in the form of a check from the new corporation for the full amount of each successive shipment, and, in fact, within one week's time receipts to the amount of over \$11,000 came from this concern.

An incident like this suggests what a credit man can do to build up the business of his concern. There is no doubt that many a credit man turns down orders which at the end of the year would aggregate a large sum, orders which he would have approved if he had been painstaking to get the last word of information which could be given.

A credit man should never be through learning about his creditors. He simply cannot know too much about them. He must know all in order, first, to protect his house against losses, and second, to know just how hard to push sales with that customer.

Amending a State Constitution—Ohio's Experience

Of the forty-one proposals for the amendment of the Ohio state constitution submitted to popular vote September third, eight proposals were lost, among them being that to abolish capital punishment, a proposal to make permissible the passage of laws prescribing rules and regulations for the conduct of cases and business of the courts, as also laws prohibiting the issue of injunctions in labor disputes except to protect physical property, and giving the right to a trial by jury to persons charged with contempt, a proposal to extend the suffrage to women, a proposal making permissible the passage of laws authorizing the use of voting machines at elections, a proposal to extend the state bond limit to \$50,000,000 for intercounty wagon roads, a proposal permitting the appointment of women as superintendents and members of boards of institutions where the interests and care of women and children are involved, a proposal authorizing the passage of laws regulating and limiting the use of property on or near public highways and grounds for the display of posters and advertising. The largest majority in favor of any amendment was that providing double liability on stockholders in corporations authorized to receive money on deposit, and providing also that all private persons or associations using a business name including the word "bank," "banking," or "banker," must submit to inspection, examination and regulation, same to be provided in legislation to be enacted.

Of interest to credit men was the so-called mechanics' and business lien proposal, permitting laws to be passed securing to laborers, mechanics and sub-contractors, their wages for work done, and to material men the amount justly due them for material furnished, it having been the prevailing opinion that under decisions of the Supreme Court of Ohio, the General Assembly had not the power to pass a mechanics' lien law which will furnish adequate protection for the persons named.

The proposal under which the credit men of the state expect to be

able to pass a bulk sales law which shall be constitutional is that entitled, "Regulation of Corporations and Sale of Personal Property." This proposal was offered for the purpose of authorizing legislation permitting a classification of corporations and the regulation by law of the issue and sale of stocks and bonds, as well as supervision of the issuer's organization and business, a further purpose being to authorize legislation which would prevent the sale of fraudulent stocks and bonds by either domestic or foreign corporations, as well as power to regulate the sale of other forms of personal property.

A Message from the Pacific Coast on the Arbitration of Commercial Disputes

J. W. Spangler, a director of the National Association of Credit Men, made an able address before the Montana Bankers' Association at its last annual convention on "Commercial Arbitration."

Mr. Spangler said that while arbitration can be employed in adjusting almost any form of dispute, its application to commercial misunderstandings is most likely to come earliest because business men are beginning to recognize the seriousness of long-conducted litigation, tending as it does always to sap the strength of the litigants. He called attention to the fact that Montana has a statute providing for the submission to arbitration of almost any matter in controversy between parties except matters of title to real estate, and providing further that when the arbitration is properly conducted and finally determined it has the same force and effect as a judgment in a civil action, equally binding on the parties to the controversy. Mr. Spangler pointed out that his own state, Washington, has a similar statute and had had for many years, the original act having been passed in 1860 and since amended in some particulars, but that neither the Montana nor the Washington law had been invoked to any considerable extent.

The National Association of Credit Men, Mr. Spangler said, is now directing attention to the importance of arbitrating commercial disputes and endeavoring to establish at the principal trading centers of the country fully equipped business men's courts for this purpose. He said that there is perhaps nothing today so annoying to business men as the so-called law's delay, due, as he showed, to the crowded condition of the court calendars, which in turn is due to the lawyers who invoke a score of measures well known to the profession for the purpose of delaying final hearing of the case, such as interlocutory proceedings, convenience of counsel, unpreparedness of one side or the other, absence of witnesses, and various motions, all of which are familiar to the man of court experience. These delays, he said, are not only annoying, but add to the cost of attorneys' and court fees, making another reason for arbitration.

Mr. Spangler said that the advantage of arbitration is that it is possible for the disputants to select for their "judge and jury" men who are experts on the subject in dispute, men who are in intimate contact with problems coming under the same class as that in question, familiar with business practice touching the points involved in the controversy, which relieves the proceedings of the necessity for a list of expert witnesses, thus effecting a reduction in the time necessary to hear the cases as well as largely reducing the item of cost.

He said that intricate points of law are obviously not suited to arbi-

tration, but points of fact are best decided by arbitration methods, and that, therefore, none but honest differences are likely to be submitted by the disputant. Cases in which there is any taint of fraud will not seek arbitration, he asserted; the parties would not permit of this because he who is responsible for the fraud would prefer to take his chances with the courts, trusting his cause in the hands of some keen technical lawyer, but in a vast number of actions at law today both parties are honest in their contention and frequently each questions the good faith and integrity of the other, resulting in an unnecessarily protracted, expensive and bitter contest. And this is the sort of waste the National Association of Credit Men aims to obviate.

Mr. Spangler then went into the history of commercial arbitration as by the New York Chamber of Commerce, beginning with the earliest existing arbitration board of 1788 and reviewing the more recently established board of 1910. He pointed out that the last plan includes selection from a list of not less than fifty official arbitrators, showed that matters may be submitted to one of this list who may act as sole arbitrator, or any two, which two shall select a third, the latter to be chosen from the official list of arbitrators or, if a very important case, it may be submitted to the entire committee on arbitration.

Mr. Spangler then went into the form of agreement which disputants sign, the rules and regulations governing procedure, the question of fees and minor expenses, pointing out that all these details were made as simple as possible.

He declared that local bodies of business men in the small cities can follow the example which is set by the larger cities and so provide an avenue of usefulness not now generally undertaken but within the scope of institutions organized and maintained for the benefit of their respective communities. He pointed out that the requirements of arbitrating would be much less in the smaller places, and, further, that it should be considered a matter of honor to be elected on the committee on arbitration, that matters could be so arranged that no greater burden than most public-spirited citizens are willing to carry would be placed upon the members of the committee.

Speaking of the general influence of this movement, Mr. Spangler said that the idea of arbitration had a tendency to elevate the standard of fair dealing among men, and it would be fair to expect that there would be less bitterness during the hearings and after the award than is usual in and after court proceedings, that thus the interest of commercial peace and progress would be advanced.

Right and Wrong Motives in Prosecuting Commercial Crooks

"One of the troubles with the prosecution of fraud," said a credit man recently, "is that in contributing to a prosecution fund to handle a specific case of fraud the subscriber not only expects and demands the protection which comes from breaking up bands of crooks and putting fear into their hearts, but thinks he ought to get 100 cents on his claim. There ought," he said, "to be enough of the fine fighting spirit of old in the credit man to make him willing to join battle against fraud simply because of his hatred of it. He ought at least in times like these to forget to ask: 'Will it pay me in dollars and cents if I go into this particular fight?'"

"Perhaps," said the speaker, "the trouble is that the credit man's habit of thought makes him too cautious, trains him in protecting as carefully as possible what he has, but fails to put the fighting spirit into him when he has been deceived and robbed. Yet, happily, credit grantors are slowly if painfully awakening to the fact, at least some of them are, that it pays to prosecute even when you can get no guarantee of the return of the cost of prosecution or any positive assurance that the crooks are going to be convicted and jailed, for a good stiff prosecution is likely to bring on a terrible fright. The offenders are apt to become what for some of them is almost worse than imprisonment—fugitives in the eyes of the law—perhaps year after year separated from their families whom, in spite of their crooked hearts, they love, robbed very likely of the fruits of their shrewdness by order of the court.

"As in all other forms of crime," the speaker continued, "so in commercial fraud the harder the men who are defrauded make the way of escape for the crook, the less likely he is to continue his nefarious business and the more likely he is to get down to honest toil; so credit men should learn to go into a justifiable fight against fraud, not for the prize which they feel they have their chance to win, not for the money return there is in it, but rather with the motive which actuates men in battling against anything which is wrong and demoralizing, for in this spirit only can they hope to deal a blow that will keep fraud down."

A Foreword on the Attitude of the National Association of Credit Men Toward Banking and Currency Reform

COMMUNICATION FROM THE COMMITTEE.

The newly appointed Banking and Currency Committee enters its work with the conviction that the National Association of Credit Men can contribute substantially to the solution of our banking and monetary problems, the most important among the credit problems imperatively demanding the attention of business men today. The report of last year's committee to the Boston convention was a distinct contribution to the thought of banking and currency reform, and should be read again thoughtfully by every member, whether engaged directly in financial work or in a mercantile pursuit.

Where can we as credit men find a more appropriate task to which to apply ourselves, for with a system beyond dispute antiquated, unscientific, inefficient, breaking down under every unusual strain, failures and disaster will be but repeated again and again until the system is changed. We cannot therefore afford to tire in our demand for better conditions.

The opinion is quite general that reform must be brought about by the men directly engaged in commercial transactions. They must by patient study find out what they want, make their demands, and the men of finance will respond. Our legislators will accept a united plan, irrespective of geographical location and political affiliation.

Diversified political views and sectional distrust have perpetuated the present system, and it is for us business men to recognize that if the nation is to progress as it should and compete in securing the trade of our neighboring republics, it is fundamentally necessary that our banking and currency system be made an encourager instead of an obstacle to progress.

Men's views differ as to precisely the direction reform must take, but it is the duty of this Association to carry on vigorously a cam-

paign looking to the education of the people in sound banking and currency principles as a forerunner of effectual and scientific banking establishment.

We want the interest in this subject to permeate the entire Association. We want every member to be eager in his search for the truth. Those who do not understand the weaknesses of the present system we want to have frankly acknowledge their ignorance and seek the light, for intelligence and conviction must precede any sound reform.

Our Association has never put itself to any more important task and one that more directly and precisely touches the matter of safety in the extension of commercial credit.

Read the communication following from the Banking and Currency Committee.

COMMITTEE'S SPECIAL LETTER TO THE MEMBERSHIP.

The American Bankers' Association has held its annual meeting without committing itself to any plan on banking and currency reform.

The new president of that association strongly supported the monetary commission's bill now before Congress, and there was an effort made to pledge his association to it, but it seemed wise to the Currency Commission of the American Bankers' Association not to take such definite action, but work for reforms in conjunction with other forces.

In the preface of a volume recently issued by the National Citizen's League, devoted to the advancement of the cause of banking reform, it is said, and truthfully, that not since the Civil War has the country been confronted with a monetary and banking situation of greater importance than we are facing today, brought about by a development which has exposed again and again the inadequacy of the present system, but in spite of this fact, not only is Congress turning aside from any consideration of the subject, but there is no outward sign that any considerable part of the public are thinking seriously of it. Strangest of all, the banking interests themselves, with the exception of a few individuals in each of the larger banking centers, appear to be unconcerned and without opinions, either as to the plan which has been submitted to Congress, or any other.

It is difficult to arouse popular interest in a matter having such technical phases as a banking and currency system. The average depositor, either in a savings or a checking institution, has little knowledge of his bank, but he must have faith in it and in its administration, primarily faith in the latter.

The appeal to the people for interest in banking reform should be made on this basis, and the first step is to generate some interest on the part of the bankers themselves, not organically but individually, for they hold the confidence of their depositors, and can, if they will, be leaders in forming a substantial backing for any wise and safe system of reform.

It is perhaps to be regretted that the Bankers' Association failed to take a more definite stand on this important question. Yet on the other hand, the fact that the bankers have shown lukewarmness in this matter is the strongest argument against the attitude of the men who are conspicuous in the movement to repudiate the plan of the National Monetary Commission on the ground that it is a scheme

to bind the banks of the country under legal sanction into one great incorporated money trust.

The broad-minded and public-spirited citizen, be he banker or business man, can always be relied upon to support any proper system, not because it will favor the bankers but because it will favor the business public. Bankers as a rule are in a position to take care of themselves in times of stress, in protecting their own interests, but they do so because of the system provided by law necessarily at the expense of the business men of the country. Well conducted banks as a rule are making money, despite the obsolete and inadequate system under which they are operating, but in the final analysis the business public are the sufferers. It would, therefore, appear that the great common people are much more vitally concerned in this reform than the bankers. This question is national in its scope, affecting as it does the entire population of our great country, and it will devolve upon us, the people, to present a united front, and use all the force in our power to promote the passage of proper legislation.

The National Association of Credit Men with its thoroughly organized and highly developed affiliated branches in every distributing center of importance throughout the United States, must be among the leaders in bringing to a successful issue this important reform.

The Banking and Currency Committee of the Association therefore earnestly requests that every man interested in credits inform himself as fully as possible on a subject which is likely to affect so vitally the business he is every day engaged in. Carefully read the report and resolutions of the Banking and Currency Committee, read the bill itself incorporated in the report, and make a critical and personal analysis of its features. (Send to the National office for copies.)

The National Association of Credit Men, ever on the alert to advocate correct principles, has been conservative, perhaps ultra conservative; it has withheld its endorsement of any plan for monetary reform until a proper solution has been found. Last year's Committee on Banking and Currency, after careful and painstaking consideration of the bill now before Congress, and after making suggestions and recommendations which they believe should be incorporated in a bill, has given its approval, the Boston convention unanimously adopted their report and resolutions and the Association now stands committed to support the measure.

The incoming committee appeals to the members of the Association to give them all the aid possible in the performance of their arduous duties.

We repeat, let the one thing needful be done, namely, an individual study of the National Monetary Commission's measure throughout the Association. Do not condemn and do not accept it without giving it that painstaking thought to which it is entitled both from the viewpoint of your own business and the commercial interests of all the people.

D. G. ENDY, *Chairman.*

Our Sub-Treasury System

The development in this country's financial affairs of the sub-treasury system is interesting. On account of President Jackson's unrelenting struggle with the Second National Bank of the United States, his name

is erroneously connected in the popular mind with the establishment of the sub-treasury system. A view of the financial affairs of the country between 1830 and 1840 will correct that impression and point out the reasons for the establishment of the sub-treasury.

President Jackson was a splendid type of early American citizenship, with his rugged and absolute honesty, but his friendliest biographers could not conceive of his having any genius for finance. He entered upon his executive duties with deep-seated prejudice against the government bank, which had received its charter in 1816, and this prejudice was intensified under opposition, but he was determined that the bank should go, and it did, upon the expiration of its charter in 1836.

Prior to the charter's expiration, and through a persistence which brooked no interference, the government ceased to make deposits in the bank of the United States and employed state banking institutions as depositaries, and the withdrawal of what was already in the government bank took place in the ordinary course of government business. By Congressional act, which became a law on June 23, 1836, the treasurer of the United States was directed to use state banks for his depositary and checking accounts. These deposits became the basis of an excessive expansion and speculation which we find later greatly embarrassing the federal treasury.

It was provided by law that the government surplus reserve be deposited in state banks in proportion to representation of the states in Congress. This unscientific deposit of government funds led to an unhealthy increase in state banking institutions and unwise speculation, which, in May, 1837, after Jackson had retired from the presidency, led to a general suspension of banks all over the country, and the complete paralysis of the fiscal arrangements of the government.

President Van Buren, in his first message to Congress, at a special session which convened September 4, 1837, laid the blame for unsettled financial conditions upon the state depositaries of government funds and urgently advised that provision be made by the government for the handling and preservation of its own funds through an independent, or, as it is now known, sub-treasury system.

A bill conforming with this suggestion of President Van Buren was introduced and lost. In the debate on the measure, Webster characterized the bill as a backward step from dependence on credit to bolts and bars. He said: "The use of money is in the exchange. It is designated to circulate, not to be hoarded. All the government should have to do with it is to receive it today, that it may pay it away tomorrow. It should not receive it before it needs it, and it should part with it as soon as it owes it. To keep it, to hold it back from general use, to hoard it, is a conception belonging to barbarous times and barbarous government."

A second bill met the same fate; in the meantime the practice of leaving the public moneys with collecting and general receiving officers being for the most part employed. The third effort was successful, and the sub-treasury plan came into existence after a bitter struggle in 1840, the last year of Van Buren's administration.

President Harrison, almost immediately upon taking office, called an extra session of Congress, which convened after his death, and at this session Van Buren's sub-treasury act was repealed. It was, however, again re-enacted in 1846, and the plan has continued without Congressional interruption until this day.

Here we have an expediency measure, which was a wise provi-

sion probably in view of the chaotic condition of the various state banking institutions at that time. Its wisdom was soundly and urgently contested by some of the brightest leaders of those days, and why it has continued when the expediency has passed away and when the institution has become an anomaly in the fiscal and currency policies of nations doing international trade, is a question for reflective thought. But for sound judgment and anxiety to extend relief upon the part of treasury officials, the institution of the sub-treasury would have greatly aggravated financial frenzies which have been found so expensive and wasteful since 1837, and there is every reason for the creation of a depository for government funds safe in structure and management, and yet protective of our commercial credits and automatically helpful in furnishing relief when relief is most needed.

A co-operative institution under proper regulation and control, safeguarded against every invasion of personal ambition or personal selfishness, immune to combine or the influence of special interests is what we need for this governmental service.

The reform of our banking and currency is the most important of our present national questions, and the attention of our readers is directed to our sub-treasury system, which is antiquated, unnecessary, unscientific and an added menace whenever crises occur.

How Far is the Method of Teaching Mathematics in the Public Schools Responsible for Business Failures?

One of the activities which the members of the Portland Association of Credit Men is giving special attention to is that of commercial education, and a query which has arisen as a result of their investigations into the present public school system has been brought out in a letter received at the National office from President B. K. Knapp of the local association.

It is fair to ask if the fatal error which Mr. Knapp cites is being made in all parts of the country. It would be interesting if our members put this problem up to the children of the grammar schools, and if possible to their teachers, to see the result. Mr. Knapp's letter is as follows:

There recently appeared in several of the current periodicals a so-called problem or puzzle, to wit:

"If an article costs one dollar wholesale, at what price must it be sold to yield a profit of 10 per cent. if the expense of doing business is 22 per cent.?"

At first I paid no attention to it whatever. Later I was much amused at the interest manifested in it by the public at large. Then when my attention was drawn to the fact that 75 per cent. of the answers given by *business men* were wrong, I was astonished. Again, when I was convinced that the reason all these men were wrong is that they were, and their sons now are, not correctly taught in the public schools, I became excited; perhaps I am governed by undue excitement in writing this letter. However, if I am wrong I will be glad to be set right.

Of course, considered strictly as a mathematical problem, the proposition is not correctly stated. By this I mean it is not fully stated, for it does not specify what the percentages are to be figured on. But surely no business man ought to have to inquire what to

figure the percentages on, as long as he knows it is a *profit* he is after and not merely an answer.

I am informed by teachers of many years' experience that according to the methods usually taught in school it is correct to add 22 cents for expense and 10 cents for profit to the one dollar, thus making the selling price \$1.22; though some add 12 cents for profit as being 10 per cent of the cost plus expense.

So far as I can ascertain, 75 per cent of the answers returned by business men, small merchants and others in trade, are either \$1.32 or \$1.34, which, of course, are wrong, since the article sold at that price would net practically no profit; though according to the text books in the schools this answer is right.

Is it not very probable that a very large number of small merchants, especially in country towns, fail because of this very mistake in teaching of their early years?

Is it not high time that some effort be made to correct this evil and teach pupils something of right business methods and sound common sense in connection with mathematics, so that they may not fail in business on account of faulty education?

I am taking this matter up with the superintendent of public instruction of this state, with a view to having pupils taught that such percentages are figured on sales instead of cost invoices, in the hope that the coming generation of credit men may have less to worry them.

A Homily on the Dangers of Neglecting Correspondence

A member of the Association has suggested that what might be called a little homily on the dangers of neglecting correspondence relating to accounts, if issued to offenders by creditors as an expression of the National Association of Credit Men, might stimulate some healthy thinking where it is badly needed.

Here is the first attempt. It is subject to amendment or substitution if something more to the point can be suggested:

The man who is careless about his business correspondence is his own worst enemy, and especially if it is correspondence relating to his past-due obligations. He is taking the easiest course to contract his credit and cripple his business, for creditors are entitled to simple, straightforward answers to letters dealing with accounts. It is safer to neglect almost anything else rather than this side of a business.

Every creditor understands that there may be a number of reasons why a remittance has not been made. He understands that

- (1). The debtor may be temporarily short of funds.
- (2). He may have been mistaken as to the terms of sale.
- (3). The goods may not have been quite according to sample or expectation.
- (4). The price or discount may not have been as he understood it.
- (5). The shipment may have been received later than was agreed upon, and sales consequently lost, etc., etc.

But whatever it is, to the creditor is due an apology or, perhaps more to the point, an explanation. Promptness is one of the prime

factors of success in every department of business. It is the greatest of all credit builders, and if one can't be prompt in meeting his accounts on the day they are due, at least let him be prompt in answering requests for an explanation of the delay.

Members of the Association cannot be too insistent in demanding prompt replies to their collection letters.

A Course in Credit Science as Planned in Philadelphia

The Young Men's Christian Association of Philadelphia is to give this fall and winter a special course of lectures on credits, the first lecture having been given October 8th and the final lecture to be given about the end of January, when as a part of the same course special lectures on banking and finance are to be given.

As the prospectus of the course states, a term of four months will be given to discussion of credits and collections in co-operation with the Philadelphia Credit Men's Association. A second term of four months is to be devoted to a study of banking and finance consisting of lectures, blackboard outlines and class instruction on subjects of direct value to men who contemplate or are now following a career in banking, brokerage or other financial lines. The prospectus goes on to say that the man who is anxious to get ahead can benefit by the course, and the fact that it is conducted by men of ripe experience makes it especially attractive.

Among the speakers who have been drafted are names well known to members of the National Association of Credit Men. The opening lecture will be by Secretary-Treasurer J. H. Tregoe of the National Association, who will discuss "Kinds of Credit," and among other speakers are Roger W. Babson of Wellesley Hills, Mass., author of Babson's Reports; D. G. Endy of Artman-Treichler Company; C. Elwood Hanna of Merchant & Evans Company; William A. Law, vice-president of the First National Bank; David S. Ludlum of the Auto Car Company; J. C. McCoy of the Welsbach Company; J. A. McKee, Jr., secretary of the Philadelphia association; Edwin S. Mills of the Adjustment Bureau of the Philadelphia association; George W. Norris, director of the Department of Wharves, Docks and Ferries; W. A. Prendergast, Comptroller of New York City; J. Howard Reber of the Philadelphia bar; Wm. T. Rolph of R. G. Dun & Company, and J. Rowe Stewart of Tracy, Parey & Stewart.

The subjects of the lectures are as follows:

The Bases of Credit.

"Character, Capacity, Capital, Collateral."

How Credit Is Safeguarded.

Losses anticipated and prevented. Fire loss and its relation to credit. Credit limitations.

Collection of Tardy Accounts.

Methods used, such as Letters, Attorneys, Drafts, Adjustment Bureaus, Collection Agencies, etc. Practice in extending credit.

Legal Redress.

A discussion of the National Bankruptcy Act, Legal Procedure, Uniform Legislation, etc.

Analysis of Credit.

Investigations prior to the granting of credit and the sources of credit information.

Organization and Management.

The organization of the various departments and their co-operation with the credit department, including wholesale, retail and instalment houses.

Safe Investments.

A study of investments and their relation to credit.

Money and Banking.

A study of United States Currency, Commercial Paper and Credit Instruments.

Credit Men's Association and Its Work.

The accomplishments of Credit Men's Associations and their co-operation in Commercial Interests.

Retail Management.

The study of the management of retail stores.

Judicious Advertising.

A discussion of the various kinds of advertising and their results.

Credit Department of a Department Store.

How accounts are handled and credit safeguarded.

Mercantile Agencies.

Their organization and benefits, methods of securing information and making reports.

Public Credit.

National, State, Municipal, including Philadelphia. Credit and its basis.

The Result Was as the Salesman Forewarned, But With An Important Difference

We hear often how a salesman is put out of patience with a credit man because the latter will not take reasonable chances with the salesman's orders, but we rarely hear of a credit man making shipments over and in spite of the warnings of a salesman. A credit man in speaking of this recently said that one of his salesmen called upon him one evening near the close of the day's work and said: "Don't ship so-and-so any more goods. Collect your account as soon as you can, because he is going to fail."

The credit man thanked the salesman for his advice, but said he did not intend to shut down upon orders from the party named, for he had been a customer for a long time and was going to take some chances with him, and true to his word, the credit man continued shipping goods, of course following collections as closely as possible.

Things went along in this fashion for nearly three years, when the failure took place which the salesman had promised. The salesman had always been more or less peevish about this account and finally, when the failure took place, felt the time had come to vindicate himself, so he called the attention of the president to the attitude of the credit man toward this failed account, whereupon the following conversation took place:

"You have been selling so-and-so on open account, have you not?"

"I have," replied the credit man.

"You were warned, weren't you, that failure in this account was bound to come?"

"I was."

"And you stand to lose something in this failure, don't you?"

"Yes; but I want to say, Mr. President, that the warning came

nearly three years ago, since which time we have sold to this party something over \$500 worth of goods, and have collected every penny for every shipment except an account now on our books for \$3.75."

A Strikingly Brilliant and Lucid Discussion on Banking and Currency Reform, with Special Reference to Our Commercial Development

One of the most notable addresses before the convention of the American Bankers' Association at Detroit last month was that of Robert W. Bonyng of Denver, Colorado, in which he made an appeal to the American people to demand of Congress the *immediate* and *serious* consideration of a reform of our banking and currency system instead of waiting until the country finds itself in the stress of panic conditions, when the temptation is to undertake some haphazard and loosely drawn temporary legislation.

Mr. Bonyng declared that our present system instead of sustaining and promoting the legitimate commerce of the country, stands as a constant menace by its frequent collapses or threats to collapse. He said that he believed the American people in the last few years had made at least this much progress, that there is now no well informed citizen who believes that our present banking system is in any way adequate to our needs, and this feeling is not peculiar to any political party, but is a matter of general recognition. This, he said, we must admit is a big step forward, for people to recognize that an institution which has existed for many years, which they have grown to respect, may still in the light of modern experience be founded upon wrong principles. This he felt expressed the feeling of the people to a large extent toward the sub-treasury system and the issues of government currency.

The monetary experience of the world, Mr. Bonyng pointed out, if it proves anything at all, proves that a currency issued directly by the government or through a government-owned institution never had and never can from the nature of things be made responsive to business conditions, for its amount is and must be determined by statutory enactments which are inflexible, for statutes cannot be altered to meet constantly changing business conditions, and that business conditions are constantly changing would seem to need no argument. Therefore some agency properly constituted under government supervision and regulation must be created to exercise in the public interest the function of furnishing a sound yet flexible currency.

At present we have only local banking institutions, and they are necessary to our development, but equally necessary is it that we have a financial organization of a national character to represent us nationally and internationally in matters affecting the credit and standing of the United States as one of the great financial powers of the world, and not less important also is it that this organization be given the necessary powers and functions to insure effective co-operation between our many thousands of isolated banking units for their own mutual protection and for the utilization of our numerous banking resources.

Now, he said, our isolated banks have never been able because of the lack of necessary legal power and proper organization to prevent periodical suspension by the banks of cash payments. All they could do in great emergencies was to mobilize temporarily the resources of their members, thereby tiding the business of the country over as best they

could until the financial storm had spent itself. Mr. Bonyng pointed out that the recent so-called "Money Trust Investigation" had brought out the powers which an extra-legal association of banks under the title "Clearing House" had assumed at the time of the last panic, it appearing that under its rules the clearing house was able to refuse a bank clearing house privileges which carried with it the ability to keep any group of men out of the banking business in that city. Mr. Bonyng indicated that he was not criticising the powers used by the New York Clearing House in 1907 and 1908, but that the conclusion was forced that a very proper demand had arisen as a result of the experiences of these years that a certain part at least of the work done by clearing house associations be under the eye of government officials and regulated by law.

Mr. Bonyng said we are justified in presuming that no one would deny that some form of affiliation between the isolated units of our banking system is necessary, for the very existence of the clearing house associations, the functions they perform and the services they have rendered to the business of the country abundantly and conclusively establishes the absolute necessity for some legal form of co-operation for certain designated purposes between isolated banking units. But surely the method of creating that agency or institution, regulating who shall be entitled to membership in it, and upon what terms, what privileges therein membership would confer, the manner of selecting those who are to manage its affairs in order to give every section of the country and every legitimate industry a voice in its management, making its operations absolutely free from control for sectional or selfish purposes, defining strictly its powers and functions and how and under what circumstances they may be exercised, and giving to the government, through adequate representation upon its board of directors, the fullest opportunity for supervision of its affairs and management, should and must be provided by statutory regulation, and these, he said, are the objects which the members of the National Reserve Association tried to reach in drafting the measure laid before Congress early in the year.

Speaking of the reserve association plan, he said there were some who still erroneously referred to it as a central bank, and this led Mr. Bonyng to show that there is no more similarity between the proposed reserve association and a central bank than there is between a clearing house association and a bank, that they both have something to do with the banking business but there the similarity ends. Contrasting the two institutions, the central bank and the proposed reserve association, he said that the central bank is an institution having branches throughout a given country, each engaged in a general banking business, receiving deposits from the people at large as well as from other banks, making loans to individuals and to corporations, acting as the government's fiscal agent, and therefore having the power of bank note issues. This is the description of the central bank as it existed in this country at one time, and as it now exists in foreign countries.

On the other hand, the proposed National Reserve Association differs radically from the institutions just described in the very important respect that it is not purposed that it engage in the general banking business, and in that sense it is not a bank at all, and therefore neither it nor its branches are to compete with state or national banks in any field of operations in which they are now engaged. It is to be simply an affiliation or union of all the eligible banks of the country to perform for them,

under statutory provisions and through officers and managers whom they will select, certain necessary duties and functions that can only be performed by some great co-operative organization of a national character. It is to have branches with local self-government to represent smaller divisions of the country. It is to act as the government's fiscal agent and as the custodian of a part of the reserves of its members. To it would be confided, under governmental supervision and regulation, the power of bank note issue, so that we would secure all the benefits to be derived from the organization of a central bank without any of the disadvantages which made the old first and second banks of the United States unpopular and finally led to their overthrow, an institution indeed built upon American democratic principles, modelled absolutely upon our political institutions, and yet with the machinery simple and easily understood.

Then Mr. Bonyng showed how the plan of organization of the reserve association parallels our governmental organization. For instance, he pointed out, it is proposed that all banks of the country coming up to the prescribed standard should be entitled to become members of the association, members by subscribing to its capital stock, this stock to be flexible, the amount growing with the increase of the banking capital of the country. Again, each eligible bank would be entitled to subscribe for an amount of the capital stock of the association based upon the capital of the subscribing bank, and there would be no other stockholders than the banks of the country, and no one bank could subscribe for more than its allotted proportion. Therefore the stock would be as widely distributed as the banking capital of the country, and the whole plan, as will be seen, is built upon maintaining the independence and integrity of the individual banking units.

To secure this end most drastic provisions have been thought out to prevent the stock of the reserve association passing under the control of any individual corporation or combination of individuals, for it is to be non-assignable, cannot be sold or hypothecated, nor control of stock be acquired by the ownership of a chain of banks, because it is provided that if a series of banks are owned by the same person or persons, then each of those banks in the series would not be entitled to separate representatives in the reserve association, but all such banks for voting purposes shall constitute only one bank and vote accordingly.

Now, with the different banks of the country having purchased their proportion of the amount of the stock of the association, the subscribing banks of a certain limited territory would first be grouped into what are termed "local associations," each of which would be required to have at least ten banks with a minimum capital of \$5,000,000, the local association to have local self-government through a board of directors to be chosen by the banks composing the local association, so that the local associations would be formed in much the same manner as cities and towns are united to form counties.

The next step is to form what is termed "district associations," just as the counties make up the states of the Union. Of these there are fifteen, or perhaps it may be determined more, district associations, each organized around a commercial center for the territory naturally tributary to that center. Again, as in local associations, each district association would have local self-government through a board of directors to be chosen by the constituent local associations, and in each district there would be a branch of the reserve association having for that district all the domestic powers of the reserve association.

To secure the advantages of the association for all parts of the country Mr. Bonyng pointed out that it is provided that there can be only one such district association in the New England states, two in the eastern states, four in the middle west, four in the southern and four in the far west and Pacific states, or if more district associations were determined upon they would be distributed over the country in the same general way.

The unit in the case of the national association will be, he said, the district association, and here the national association would have its own board of directors to be chosen by the district associations, except that seven ex-officio members, consisting of three cabinet officers, the comptroller of the currency, the governor and two deputy governors of the reserve association, would be members of the board. Therefore, the parallel between the plan of the organization of the reserve association and the manner in which our political subdivisions are created and then united by progressive steps from the city to the county and from the county to the state and from the state to the nation is complete, one no more complex than the other, and in operation it is safe to assume that the affiliation of all banks on a plan modelled upon our political subdivisions would work as smoothly as does the business of our government machinery.

Mr. Bonyng said this description should satisfy that we have here a plan of organization both democratic and American.

In the appointment of boards of directors in all divisions the end sought is to provide self-government for the different bodies and to secure boards of directors fairly representative of the different sections of the country and of the industrial and commercial interests of all sections, and to keep the boards of directors free from political or financial control or domination.

As for the powers of the reserve association, the chief ones are to act as custodian for a portion of the reserve of the independent banks, to discount for member banks short time commercial paper held by them, to act as the government's financial agent, and to furnish for the country a currency that will fluctuate in amount in response to business requirements.

Mr. Bonyng said that he had found that there were some bankers in the smaller communities, especially in agricultural sections, who felt that they would not have a sufficient amount of the class of paper entitled to re-discount at the reserve association or its branches to make the association of any aid to them, but, said he, they are now beginning to understand that no right or privilege of any kind now possessed by the bank is taken from it by the organization of the reserve association. All would still be entitled to use any of their assets as collateral with their correspondents, but the reserve association would supply them with an additional place where they could go for assistance in case of need and all would have some of the class of paper that could be used at a branch of the reserve association; that they could use this paper and still have the right to use any of their other assets with their correspondents, the difference being that their correspondents would be at all times equipped to take care of their wants, whereas such is not the case today. Thus, he said, the country banks would be able to increase their loaning power in order to take care of their individual customers, which are some of the benefits to accrue from a standardizing of commercial paper, a widening of the market to reach out to every person engaged in any occupation,

including all elements—the wage earner, the employer, the farmer, the merchant, the manufacturer and the professional man.

Mr. Bonyng then took up one of the most difficult problems which the establishment of a really national banking system and a sound yet flexible currency must involve, namely, the retiring of the present bank note currency, which carries with it the two per cent. United States bonds, upon which they are almost wholly based. He declared that this problem had been solved in a manner strictly fair to the banks in their adjustment of bonds and to the government in replacing the two per cents.

Mr. Bonyng then asked the question, is there any basis for fear which has sometimes been expressed that the issuance of bank notes based in part upon commercial paper or government bonds and the counting of these notes by the individual banks as a part of their reserves taken in connection with the right of the banks to accept drafts drawn upon them and to re-discount them in the reserve association, would lead to undue expansion of credit. Under the national reserve plan, he said, the strict requirements as to cash reserves and extensive and plenary powers conferred upon the association to protect the cash reserves renders the danger of an over-expansion remote, for it will be found in this country, as in all other countries, that the most effective means of preventing the evil of over-expansion consists in the ability of the management to regulate credit conditions through the discount rate and it is immaterial how sound the law governing a bank may be, if the management is incompetent it cannot operate successfully; for the efficacy of every law rests with the officers who execute it. Every human institution, he declared, must depend to a large extent in the last analysis upon the men who are to manage its affairs, and the necessary powers to protect the reserves of the association are conferred upon the managers, every precaution which the experience of the world has demonstrated to be wise in guarding against the over-extension of credit being taken, and then the greatest care should be taken to see that only competent officials are selected to control the association's affairs, and that is as far as law can go.

Missing Debtors

The parties listed here are reported as missing. Any information regarding their whereabouts should be sent to the National office:

Layman Heath, formerly conducting the St. Nicholas Restaurant at Terre Haute, Ind.;

Edward Barrett, formerly of Babylon, Long Island, said to have gone to Baltimore, Md.;

Henry Hein, Jr., formerly at Market House, Laredo, Texas;

Thomas E. Allen, drilling contractor, late of Nampa, Idaho, formerly of Butler, Pa. Probably in well drilling business at this time;

Phillip L. Steinmiller, formerly of 1404 Fifth Avenue, Pittsburgh, Pa.;

Ottie Hays, formerly in the meat business at 2415 Poplar Street, Cairo, Ill., now supposed to be living in the country near Little Rock, Ark.;

John W. and Wm. Petroplos, until last April conducting the Progress Restaurant, 19 South Diamond Street, Allegheny, Pa.;

G. H. Wheeler, formerly of Rowlesburg, W. Va.;

T. W. L. Murry, formerly of Jonesboro, Ark.;
 S. Leshinsky, formerly of 129 Jackson Avenue, Long Island City, L. I.;
 W. P. Osburn, formerly of 714 North First Street, Ventura, Cal. Last heard of at Los Angeles, Cal.;
 Jake Krantz, formerly a fruit peddler in Atlanta, Ga. Last heard of in New Orleans, La.;
 A. V. McLeod, formerly of Urbana, Ill.;
 Chas. Schafer, Schafer Electric Co., Alliance, Neb.;
 Frank A. Coyle, formerly in the tire repair business at 13 Spring Street, Waterbury, Conn.;
 Edwin Palmer, Jr., and Adele Larkins, formerly in the auto tire business at 676 North Broad Street, Philadelphia, Pa.;
 T. W. Wallace, formerly of Pryor, Okla.;
 W. O. Record, formerly of Adams Street, Leominster, Mass. Said to have gone to Worcester, Mass.;
 H. C. Bell, formerly of the Alabama Auto Co., Montgomery, Ala.;
 J. L. Berry, sheet metal worker, formerly of Seattle, Wash. Left there for Vancouver, B. C.;
 Ole Lindland, formerly a contractor at Algona and Seattle, Wash.;
 Harry Ferguson, formerly of 343 East Fayette Street, Syracuse, N. Y.;
 Isadore H. Blum, whose real name is Hyman Keiver, formerly a glass jobber and manufacturer of picture frames of St. Louis, Mo.;
 E. J. Clarke, formerly a manufacturer of a sweeping compound at Westboro, Mass., from which point he moved to Worcester. Understood now to be operating in some part of Pennsylvania, probably in his own line of business;
 A. S. Graton, general manager of Grayville Mills Mfg. & Supply Co., Turnersville, Conn. Factory burned and business suspended. Reported to be at Worcester, Mass.;
 G. C. Claussen, formerly in the drug business at Armour, S. D.
 B. H. London, Provo, Utah, now thought to be in Idaho;
 A. H. Knickmann, florist, at 3310 Jamaica Ave., Richmond Hill, N. Y.

The Cost of Living

A Kansas farmer, so the story goes, came into town to buy a new wagon. The dealer made a price of \$70, to which the farmer objected, saying that he had purchased the same style and make of wagon many years before for \$60.

The dealer explained that the advance in the price was due to higher cost of materials, etc., but the farmer was not convinced. After a lengthy argument it developed that the farmer ten years before had paid for the \$60 wagon with 600 bushels of corn; corn at that time bringing ten cents per bushel.

"I will tell you what I will do," said the dealer. "You give me 600 bushels of corn for this \$70 wagon and I will make you a present of the best reaper in my stock, your choice of surreys, and you can bring your wife down and I will make her a present of the best kitchen range I have in the place and will fit her kitchen up complete with new dishes and cooking utensils. Is it a bargain?"

It wasn't.—*Wall St. Journal.*

The Chicago Association of Credit Men Thoroughly Alive to Its Appointed Work

At the September meeting of the Chicago Association of Credit Men, Charles F. Hoerr, chairman of the Membership Committee, made a stirring address in which he analyzed the work of the National Association of Credit Men and particularly its Chicago branch, with a view to showing with what sincere enthusiasm the members could approach concerns with reference to membership. It would be well if every member of the Association might be imbued with Mr. Hoerr's spirit.

Mr. Hoerr declares that there runs through the Association in all its phases a protest against business waste, against waste in time, merchandise, men and money. Take almost any department of credit men's work, he says, and it will be found to bear out this contention. Under legislation there is, for instance, the bulk sales law, for the passage of which in forty-three states the National Association of Credit Men is responsible, a law the purpose of which is to conserve assets. This law has been fought for year after year to protect creditors' just interests, to prevent a dishonest merchant from selling his stock of goods without giving his creditors notice in advance.

Again, Mr. Hoerr points to the bankruptcy law, defended time and again before congressional committees by the Association, amended from time to time, principally with a view to controlling bankruptcy fees and all other expenses incident to bankruptcy procedure, so that there shall not be a wilful waste of estates. Further, he says, we have the demand of the Association that the enormous fire waste of the country shall be reduced; again, all over the country the Association has established adjustment bureaus which members are using with as much effectiveness as insurance companies use their salvage bureaus. Conservation, waste elimination, are the ruling motives in each form of activity.

Referring more particularly to the work of the Chicago branch, Mr. Hoerr says that for many years he failed to heed the demand that members should give the adjustment bureau their co-operation, but a short time ago he called to the attention of the bureau's manager a comparatively small claim which he had not been able to adjust on any terms, and inside of two days Manager Rasmussen had the men concerned in his office, with the result that two weeks after the claim had been given the bureau it was adjusted dollar for dollar.

Mr. Hoerr declared he might tell a great many equally interesting stories regarding this adjustment bureau work. Just one incident of its operations was brought out in a story of a drug store whose affairs were brought before the bureau for adjustment. It was found that a certain creditor had a large chattel mortgage upon the stock in the store, but in some way that Mr. Hoerr had not been able to learn, the mortgagor was persuaded to give up this advantage and become an ordinary creditor, the result being that instead of a dividend of 35 per cent. being paid the creditors, all received about 80 per cent.

There was another case, he said, brought to his attention; that of a shoe store which if it had gone through bankruptcy would clearly not have paid the cost of proceedings, but through an adjustment handled by the Chicago bureau, it is going to pay 35 per cent. These, he said, are simply illustrations of the principle of economy of assets for which the National Association had always stood.

And then, goes on Mr. Hoerr, there is the department of investigation and prosecution, which has earned for itself a place of honor through the one case of the Lincoln Bargain House, which had been doing business on the north side of the city. Here was a case, he said, of a father and his three sons who went industriously to work to establish in as brief a time as possible an excellent credit standing, only to order suddenly some \$30,000 to \$35,000 worth of goods. These they coolly re-labelled and re-shipped to various other cities. The magnificent work, he said, which had been done by S. J. Whitlock, who was then the president of the association, in connection with this case would never be forgotten by members of the Chicago association. It was through his determined efforts that the father and three sons were interned at Fort Leavenworth, becoming examples for commercial crooks that will not be soon forgotten. This is the kind of work which ought to make men have faith in their association, says Mr. Hoerr—the sort of faith that makes them go out and bring other members in.

Referring specifically to the bulk sales law of Illinois, he said that every member of the association should take pride in the fact that we have a practically uniform law in forty-three states, for which achievement each who supported the National Association is entitled to some little credit. Mr. Hoerr announced that the business interests all over the state were to be aroused to the necessity of securing a proper bulk sales law in Illinois, that it was hoped that the business interests of the city would go to the legislature at Springfield in January, fifteen hundred strong, and secure the passage of this law, which is so important that credit men have secured it even in Arizona and New Mexico. The larger the membership in Illinois, and particularly in Chicago, the more nearly the association comes to having the cream of the Chicago business community, the surer will be the legislature to listen to the demand for this law.

Again, Mr. Hoerr has a word for the Credit Exchange Bureau. He declares that before this bureau could be established much educational work must be done to overcome prejudices within the association. When he heard that Milwaukee had established a bureau he made up his mind to go there with the secretary of the Chicago association to spend such time as was necessary to see what was being done in that city. The visit was made, with the result that he could not but be convinced. Here was a bureau that takes in all lines of business, but a bureau which has in its brief life won the hearts of its members and has come to stay among them. It is soon going to be, as is the bureau established at Toronto by the Canadian Credit Men's Association, such that within forty-eight hours a credit man can learn what 80 per cent. of the liabilities are upon any concern placing an order. That is the sort of thing, said Mr. Hoerr, Chicago credit men ought and are going to have, but the Chicago association must have a big membership and then would follow an interchange bureau that would have broader facilities than those of any other association in the land. Mr. Hoerr declared that there were two thousand firms in Chicago that are constantly accepting the benefits of the work of the association which ought to come in and support it, and most of them could be induced to come if there were a little thought given to the matter by each member.

He said that he had sent out, as chairman of the Membership Committee, a circular letter to 1,100 members, and never before had received such responses, all breathing loyalty in every sentence. That, he said, is the true Chicago spirit, the spirit that always wins, the spirit that says

"I will," and there follows the Chicago World's Fair; the spirit that says "Chicago will be the most beautiful city in the world as well as lead in lines of commercial activity," and immediately steps are taken to these ends. This, he said, is the spirit that is going to give the Chicago Association of Credit Men fifteen hundred members by January first.

A Problem in Credit and Some of the Answers

In the September issue of the BULLETIN appeared the following:

An order was received by a dry goods distributing house for approximately \$1,000 on terms 2-10 net sixty days with sixty days dating. The merchant placing this order is doing business in an industrial town of ten thousand inhabitants, of which about one-fourth were employed in a concern manufacturing automobile supplies. The merchant began business four years ago on a cash investment which he had inherited, of \$5,000. He had formerly been a salesman and had no practical experience in merchandising prior to entering upon this enterprise. For two years he had paid on an average of thirty days from datings, but afterwards paid at maturity, and then became, on an average, thirty days slow.

He made a financial statement to the house with which the \$1,000 order had been placed, claiming:

Stock on hand	\$10,250
Accounts Receivable	4,450
Cash on hand	650
Total	\$15,350

He owed for merchandise (of which approximately

\$2,500 was due)	\$4,750
Borrowed money from bank, not due	3,500
Borrowed from a friend for indefinite period	1,000

Owing	9,250
Showing capital and surplus account of	\$6,100

What would be your disposition of the order on this report and statement, and give reasons?

The National office received a large number of extremely interesting comments upon this problem, and regrets that it is impossible to publish them all. It is fair to the general membership, however, to cite how differently credit men view the same problem, some disagreeing as to final decision and others as to manner of reaching the same conclusion.

One member said if he had received such order he would have asked the creditor how many customers he had, one of the most important considerations in extending a line of credit, and particularly necessary in the case cited, because the party who gave the order, according to the financial statement, has a clear equity of \$6,100, but is owing 90 per cent. of the amount of goods on hand. Now, if he should be owing only one or two parties for merchandise in the sum of \$4,750, he is safe assuming that there is good moral standing and ability, but if this sum is owed to merchants scattered far and wide, some fifteen, twenty-five or more, the order should be turned down, for the debtor will soon be bankrupt, as he owes too much money for the amount of capital invested. If he had confined his purchases to one or two good firms, who were personally acquainted with him, and if he has good ability, he can pull

through, and the firm who received his \$1,000 order would be safe in filling it.

Another says it is quite evident that this party is losing ground. He is likely to last for some time, however, should he be able to keep his creditors from crowding him, for merchants who are poor business men as money makers are sometimes known to be pastmasters in the art of keeping creditors at bay. The point is, to sell such a party as this and "get from under" before a crash comes. He might pay for the shipment of this order and the profit would justify the extension of the credit, but to continue to sell him would sooner or later bring loss to the creditor. This same member points out that a case of this kind is susceptible of several viewpoints when casting up its probabilities. A merchant might be able to sell out at invoice price, but probably would not be. He might go into the hands of a trustee, and the trustee might pay off all his debts and leave him with his capital intact, but this is exceptional. Under the circumstances, the party should be told that so large a line of credit could not be granted him, and be asked to cut down the order. Refused, then the order should be rejected. The writer goes on to say that in Holy Writ it appears: "My people are destroyed for want of knowledge," and it is for the want of adequate information that so much money is lost in credit granting.

Still another member says that this party evidently has failed to make enough money to pay interest on his investments, that his services should have produced a living,—plus, that he has accounts receivable probably in excess of his total sales for two months, for probably he is a very poor collector, and equally bad as a credit man, that his merchandise debts will require all his receipts that can be used as payment of expenses during a period of over three months, that the bank is probably secure, that the applicant is now insolvent and security should be had to cover the order. Before selling anything, the credit man should know the standing of the automobile supply concern upon which the success of the town in which the store is located rests.

Another member says that if this order were offered him, his first act would be to make a careful comparison with customer's account as regards size of previous orders and customer's manner of paying. He would also expect to have on file commercial reports to augment or qualify customer's statement, as well as reports from other concerns, and if possible, the opinions of bankers and others located in the customer's town. If with all this information in hand, there were nothing to qualify the facts given, he would endeavor to procure a guarantor for the account, and failing in this, would decline the order, for it is evident the buyer is on the down grade, and it is gambling with time as to how long credit may be extended him without getting caught.

"Adopted and Recommended by the National Association of Credit Men"

Trade Inquiry and Property Statement Blanks bearing this endorsement are what leaders in credit work regard as meeting most nearly the needs of the credit department.

No forms are official unless printed and sold by the National Association of Credit Men from its office at 41 Park Row, New York, N. Y.

Send for samples. Sold only to members and at cost prices.

States in Which There is a Regular Legislative Session in 1913

For the interest, especially of members of the legislative committees, both national and local, a schedule of the sessions of state legislatures for 1913 is here presented. This schedule does not, of course, apply to special sessions, nor does it list the states in which a regular session will not be held during the next calendar year:

Arizona	January 13	Nevada	January 20
Arkansas	January 13	New Hampshire	January 1
California	January 6	New Jersey	January 14
Colorado	January 1	New Mexico	January 14
Connecticut	January 8	New York	January 2
Delaware	January 7	North Carolina	January 8
Florida	April 8	North Dakota	January 7
Georgia	June 25	Ohio	January 6
Idaho	January 6	Oklahoma	January 7
Illinois	January 8	Oregon	January 13
Indiana	January 9	Pennsylvania	January 7
Iowa	January 13	Rhode Island	January 7
Kansas	January 14	South Carolina	January 14
Maine	January 1	South Dakota	January 7
Massachusetts	January 1	Tennessee	January 6
Michigan	January 1	Texas	January 14
Minnesota	January 7	Utah	January 13
Missouri	January 8	Washington	January 13
Montana	January 6	West Virginia	January 8
Nebraska	January 7	Wisconsin	January 8
Wyoming	January 14		

The sixty-second Congress, third session, convenes December 2, 1912.

Legal Opinions

I.

A member of the Association asks whether it is possible to sue a claim in any part of the state of New Jersey, or if it is necessary to sue a claim in the court at the point nearest that at which the delinquent resides, his point being that if he had a claim anywhere in the state of New York (the member being a New York resident), and the amount is over \$50, he could sue it in his home city, and the defendant would have to come to that city to defend suit, or judgment would be taken against him.

The Legal Bureau replies that it is the usual rule that unless a creditor can get personal service within the jurisdiction of the court, the judgment will be of no value unless property can be found within the jurisdiction of the court upon which either to levy an attachment or issue an execution. Now, the jurisdiction of the Supreme Court of the State of New York extends throughout the state, which is also the case in most states of the Union, so that service can be made anywhere in the state on the debtor, and unless his witnesses reside in some other county, he will have to come and defend in the county where action was commenced.

II.

A member says that he is in controversy with a customer in the state of New York regarding payment of an overdue account and interest.

In filing claim with attorney, the creditor furnished a detailed statement covering all debits and credits from the time the account was opened, and in computing the interest, charged the debtor six per cent. for the extra time taken beyond an average due date, and as a set-off, allowed interest on total payments from average date. The debtor thereupon submitted a check with space provided for memoranda as to what the check was intended to cover, and in this space was printed:

"No other receipt required. This check is issued in full of account, as stated."

After the receipt of the last interest statement, sent the debtor several months ago, the debtor sent a check bearing a notation that it was given to pay two certain bills and one-half of another bill, and asserted that having accepted this check, the creditor was precluded from demanding any interest except on the unpaid half of the bill last named, and on subsequent charges. The question is, does the acceptance of a check bearing the statement that it is in payment of a certain invoice estop the creditor from collecting interest on said bill, if it were not paid at maturity?

The bureau replies that the courts of New York state have held that in the absence of a special agreement, interest only begins to run from the time of the maturity of the debt, and that the allowance of interest is in the nature of damages for the breach of contract to pay money at a specified time, and therefore interest cannot be collected separately from the principal. If, therefore, a bill is sent to a debtor and is not paid when due, the acceptance of a check for the amount of the bill without including interest, binds the seller, and he would not be entitled to hold the check and sue for the interest. In other words, the courts hold that there being no specific contract, he has waived his right to damages in the form of interest unless there is an express stipulation that interest is not waived.

III.

A member of the Association in the contracting business states the following conditions: The main office of the corporation is in the state of Michigan, but it has a representative in the state of Wisconsin, who runs his own office, takes care of all expenses incident thereto, he being guaranteed a certain amount monthly for himself and is reimbursed for office expenses. Orders which he secures are subject to the approval of the home office, the contract blanks of the company so stating. All shipments are made from another state into Wisconsin, and accounts are due and payable at the home office, but the representative in Wisconsin purchases small quantities of materials locally in the name of the Michigan corporation, in order to start and finish contracts. Under these conditions, is the Michigan corporation doing business in Wisconsin, and therefore subject to the foreign corporation law of that state?

The Legal Department says that under the conditions cited, the corporation is undoubtedly doing business in Wisconsin, and is therefore subject to the foreign corporation laws of that state; that if the agent in Wisconsin simply took orders for material, which orders were sent to the home office for approval, from which office, if the orders were approved, the goods were shipped direct to the customer, the corporation would be within the protection of interstate commerce.

IV.

Commenting upon the liability of stockholders for the difference between the price they pay for their stock and the par value in case of

the bankruptcy of the corporation, the Legal Department of the Association says that if stock is originally issued as fully paid stock and one subsequently purchases it, even though he purchases it at less than par, he is not liable for the difference between the price he paid and the par value, but if the stock is originally issued for less than par, the purchaser is liable for the difference between the price paid and the par value, it making no difference whether the purchaser paid nothing for the stock or paid a substantial amount. The rule is that he is liable for the difference between the par and the amount paid.

The usual practice in corporations is to issue the stock as fully paid and non-assessable, and then return part of it to the treasury, and it is this treasury stock which is sold to the stockholders. Such treasury stock may be purchased at less than par, and the holder is not liable for the difference. This does not apply to California corporations.

V.

A member of the Association asks if the acceptance of a remittance for an overdue account bars the collection of interest for the overtime, if the invoice specifies that interest will be charged in the contingency cited.

The Legal Department says that if a seller notifies his vendee that interest will be charged on an overdue account after a certain number of days, a check sent in payment of an overdue account without including interest does not bar the creditor from recovering the interest, interest under the law beginning to run from the time the debt becomes due.

The Oklahoma City Credit Men's Association's New Secretary

K. P. Gordon was recently elected to succeed George F. Dean as the secretary of the Oklahoma City Association of Credit Men, Mr. Dean, who for some years was secretary and manager of the Association's Credit Exchange Bureau, having just accepted a position with the Iten Biscuit Company.

The newly elected secretary is a native of Ohio and graduate of Monmouth College, Monmouth, Illinois. While at college he was the secretary and treasurer of the Interstate Oratorical Association, and after leaving college in 1908 went direct to Kansas City, where he was connected with the advertising force of one of the leading daily papers. A business opening then appeared in Oklahoma City, where Mr. Gordon has been able to make the acquaintance of a large number of the leading business men of the state.

Mr. Gordon has turned his attention first to the conduct of the



K. P. GORDON

Credit Exchange Bureau, which under Mr. Dean's direction has become an exceedingly important institution in clearing credits in the entire state. He will then take up the general interests of the association, with the purpose of extending as rapidly as possible the many departments of activity which the National Association is urging upon its local branches.

Mr. Gordon will be glad to be of every service in his power to members of the Association who have interests at his important trade center.

ANNOUNCEMENT OF THE CREDIT MAN'S DIARY FOR 1913. THE MOST PRACTICAL VOLUME FOR CREDIT GRANTORS EVER ISSUED

A publication demanded many years before its issue, to present in condensed form the laws and special information which bear upon the granting of credit,—a volume for credit grantors, issued under the direction of credit grantors,—such is the Credit Man's Diary, that of 1913 being now rapidly approaching readiness for delivery. The first Credit-Man's Diary was issued for 1909, and the popularity of this annual has grown steadily.

A great feature of the Credit Man's Diary for 1913 will be a SUMMARY of the FOREIGN CORPORATION LAWS OF EACH STATE, so that any corporation may know precisely what is required to do business in any state of the Union, the cost thereof, the annual tax, the danger of non-conformity with the law, etc. Never before has such a summary been compiled. It will prove invaluable.

Summaries of all the laws presented, such as CHATTEL MORTGAGE, CONDITIONAL SALES, EXEMPTION, INTEREST, STATUS OF MARRIED WOMEN, MECHANICS' LIEN, ATTACHMENT, BULK SALES, ASSUMED NAME, ETC., are based upon the last legislative acts.

The calendar pages for the days of the year will present to credit grantors brief sentence messages filled with a variety of suggestions, practical helps and reminders, all bearing directly upon credit granting.

The price of the Credit Man's Diary for 1913 delivered is but \$2. The issue is necessarily limited, and it is advisable to order promptly.

As one member expressed his appreciation: "We have used the Credit Man's Diary ever since the first issue, and have come to depend upon it to such an extent that we would seriously miss being without it."

The Credit Man's Diary for 1913, issued under the direction of the

**BUSINESS LITERATURE COMMITTEE
of the
NATIONAL ASSOCIATION OF CREDIT MEN**

41 Park Row, New York, N. Y.

Special Notice

Members of the Association having information regarding the following names are asked to communicate with the National office:

W. C. Flournoy, said to be representing himself as buyer for the Clinchfield Corporation and ordering goods shipped to various North Carolina and Tennessee points;

Henry Fridman, located at Barnesboro, Pa.;

J. O. Martin, Martindale, Nebraska;

S. P. Parker, formerly in the coffee, tea and grocery lines at Portland, Oregon, and later at Omaha, Nebraska;

G. B. Arnett, Hendricks, Kentucky.

Local Association Notes

Atlanta.

President F. R. Salisbury of the National Association of Credit Men made his first official visit to the South, September 13th, and was greeted in Atlanta by members of the Birmingham, Savannah, Montgomery, Nashville and Atlanta associations at a banquet given at the Piedmont Driving Club. President Herbert E. Choate of the Atlanta association presided, and there were addresses by President Salisbury, John M. Slaton, ex-governor of Georgia, J. L. McWhorter, of the Nashville association, C. J. Beane and Sidney J. Winter, of the Montgomery association, and W. L. Moore, a former president of the Atlanta association, now president of the Atlanta Chamber of Commerce. There were also present from other cities J. C. Slatter, of the Birmingham association, F. G. Salter and Harry Stern, of the Montgomery association, and Oscar Kulman, of the Savannah association.

Mr. Choate told how the credit men's work in Georgia is growing, how the interest in Atlanta has increased as shown by the fact that the membership is now 150, the largest in the association's history, and declared that the work was going to continue to grow with Atlanta's growth industrially.

When President Salisbury was introduced the orchestra struck up "Minnesota," and the entire gathering stood throughout the rendering of this number in honor of the evening's guest.

In his address, President Salisbury described the work of the Northwestern Jobbers' Credit Bureau, conducted by the Minneapolis and St. Paul associations, told how the members relied upon the splendid system of reports which emanated from the bureau, stressed its successful administration of bankrupt estates, pointing out that 49 per cent. has been the average payment in cases handled by the bureau. He said that the new step to be taken by the Association looking to greater co-operation between all the credit exchange bureaus which the members have for the last fifteen years been gradually establishing and developing, is one of vast importance in safeguarding credit granting.

Ex-Governor Slaton in his brief remarks, told of the important part played by the credit men in the life of the state, saying that they stand for that all-important thing, law and equitable adjustment of business relations, and J. L. McWhorter's practical address upon the task of the credit man to reduce losses, especially in the adjustment of failures, was received with close attention.

President Beane and Sidney J. Winter, of the Montgomery association, spoke on the work which the Credit Men's Associations of the Southeast must do and do together for better and sounder business in their part of the country.

Burlington.

At the annual meeting of the Burlington Association of Credit Men, held in September, Smith F. Henry of the Vermont Hardware Company was made president, A. H. Rutter of Spaulding-Kimball & Company, vice-president, and H. S. Howard of Howard's Insurance Company, secretary and treasurer. A general discussion as to special work for the coming year was discussed, the secretary announcing that a communication had been received from the National office stating that the Burlington association would be expected to secure the passage of the false statement law for Vermont at the next legislative session.

Chicago.

President Hardy made the initial meeting of the Chicago Association of Credit Men, held September 16th, a time for bringing out and studying the purposes and needs of each department or committee of the association. He said that the fortunate thing in the association is the fact that it is not entirely upon the officers that the responsibility for producing results depends, but mainly upon the members organized in the various committees. Mr. Hardy then reviewed the special work devolving upon the committee, the members of which, he said, to secure satisfactory results, must have the co-operation of the members of the association in general.

Taking up the individual committees, he said that the Credit Co-operation Committee had before it at this time the pressing problem of establishing a credit exchange bureau for the local association similar to those in operation in so many other local association cities. He said a large number of members felt that Chicago must not be behind other associations in this important department of work.

Referring to the Publicity and Press Committee, President Hardy said that this committee had been decided upon because the work of the association deserved publicity, and experience had shown that unless this side of the work were taken up by the association itself, matters of the greatest importance to Chicago and to the country at large might be considered at credit men's meetings without having respectable public notice. He said that the Publicity Committee has a great opportunity to advance the interests of the association during the coming year.

President Hardy said that the Legislative Committee since its establishment had had meetings almost weekly because it realized that it was to undertake during the coming winter one of the most difficult programs ever undertaken by any organization. There was the bulk sales law, and the Legislative Committee had called to the attention of many lines of business the necessity of a bulk sales statute in Illinois, and, again, the fraudulent statement act, which it was the endeavor of the National Association to secure in all states of the Union just as speedily as possible. The committee, he said, had resolved that both these great measures must go through at the next session.

Under investigation and prosecution, President Hardy pointed to the gratifying results which had been obtained by the association in bringing to justice fraudulent debtors. He said that this line of work is perhaps the most difficult credit men have undertaken, for all realize that there are many cases of fraud which it seems to be impossible

to overcome. He pointed out also that the Investigation and Prosecution Committee had added to its labors by giving battle to the pay-in-advance collection agency, with a view to curtailing the operations of some of the more prominent among them.

Under fire insurance, Mr. Hardy declared the association was recognized as having done splendid work along this line, and is going to take up especially this year the matter of securing through mercantile agencies better reports upon the attention given by retailers to their insurance protection. The Insurance Committee, he said, was also taking up the matter of employers' liability, as brought out in the new Illinois Compensation Act, with the expectation that it would be able to give a better understanding to the workings of that law.

Under adjustment bureaus, President Hardy pointed with special pride to the results which had been secured by the manager of the bureau, M. C. Rasmussen. He said that he felt sure that if the members generally would get in touch with Mr. Rasmussen's work, they would hesitate no longer in turning over to the bureau failure cases in which they were interested. He said the bureau was particularly equipped to adjust the affairs of embarrassed concerns before actual failure had overtaken them.

Referring to the Membership Committee, President Hardy said that the chairman had set the mark of increase during the coming year at four hundred, and from the way the committee had already begun its work, he was sure there would be no difficulty in reaching this mark. Brief reference was made by the president to the work of the committees on Banking and Currency, Speakers and Subjects, Mercantile Agencies, and Credit Department Methods, after which he called upon Wm. G. Moore, F. W. Smith, J. H. Craddock, E. J. Roberts and J. H. Fuenfsin to bring out different aspects of the convention of the National Association held at Boston in June.

President Hardy then said that the meeting would not be complete without hearing from the chairman of the Membership Committee, Charles F. Hoerr. Mr. Hoerr made a stirring address, extracts from which are presented in another part of this BULLETIN. The meeting closed with short addresses by S. J. Whitlock and Fred P. Vose, the newly elected president of the Commercial Law League of America.

Denver.

At the first fall meeting of the Denver Credit Men's Association, held September 10th, Joseph F. Tuttle and George W. Martin, general agent of the Rock Island Railroad, were the speakers. Mr. Tuttle spoke on "Colorado in the Winning of the West," and gave a charming description of Dr. Marcus Whitman's journey through the extreme Northwest, and over the Rocky Mountains to Washington in a successful endeavor to save to the United States a territory three times the size of Colorado.

Mr. Martin's subject was "Dry Farming in Eastern Colorado." He told of the remarkable progress which had been made in changing square miles upon square miles of sage brush into productive farming lands, and appealed to the bankers and merchants of commercial centers to investigate what the dry farmers were doing and extend them through governmental and financial help the assistance to which they were entitled.

Nominations were made for directors for the coming year, the same to be voted upon at the annual October meeting.

Des Moines.

At the meeting of the Des Moines Association of Credit Men held September 24th, President Mahedy took the opportunity to bring before the members some of their special privileges as members of the organization, laying emphasis particularly upon the facilities of the office of the National Association at New York to serve in such matters as legal problems, information as to collection agencies, questions as to standing of insurance companies, etc.

President Mahedy spoke particularly of the problem of the cash discount, urging that this subject be particularly studied in order to determine how badly cash terms are being abused and, if conditions warranted, what remedy it was best to apply. He said that the BULLETIN was bringing out articles from practical credit men in which it was pointed out that the system of the cash discount has broken down through persistent abuse and that resort should now be had to net terms, and that in the September BULLETIN was a particularly able article on this subject.

It was brought out that the governor of Iowa had issued a proclamation for the observance of October 9th as "Fire Prevention Day." Resolutions were passed urging all citizens to observe the terms of the governor's proclamation.

A proposition to increase the membership of the association to at least a hundred members during the coming year was received with enthusiasm, and many expressed their readiness to co-operate earnestly to this end.

Los Angeles.

At the regular monthly meeting of the Los Angeles Credit Men's Association held September 12th, the newly elected president, Newman Essick, presided. He presented a communication from the Young Men's Christian Association of Los Angeles asking assistance in establishing a lecture course bearing on credits, the classes to be under the guidance of the leading credit men of the city. It was voted that the association would co-operate, and a committee was appointed to make the necessary arrangements.

President Essick announced that he had mapped out a hard, exacting year of work for the association, and expected to receive the generous support of the membership. Cards were distributed upon which it was asked that members who were willing to put their shoulders to the wheel should indicate in what line of work they would prefer to engage. Mr. Essick announced that he was going to be very frank with his committeemen, and that members who had promised to work and failed, might expect to be summarily retired from committee service.

The association was fortunate in having as its guest Dr. Ziegner, an attorney of international repute, a nephew of one of the ex-presidents of the Argentine Republic who had represented that country in Germany, France and England and had been an ambassador to the Mexican government. His subject was "Mexico and the Latin American Countries, and Their Commercial Relation to the United States."

Dr. Ziegner reviewed with much clearness the history of relationship between Latin-American countries as well as the relationship of these countries to the United States during the last twenty years. He spoke also of conditions existing today in Mexico, and

suggested remedies for the weaknesses in the present situation. At the conclusion of his address he was questioned by members from the floor, so that the occasion proved to be not only one of entertainment, but of much instruction.

One of the speakers was M. Martin Kallman, a well known systematizer and writer. He spoke along the lines of efficiency, declaring that the gospel of efficiency had only begun to take root in the hearts of American business men. He declared that as soon as the principles of efficiency were clearly understood by them there is to be an economy in energy and materials almost beyond conception for the business men of America are the most intelligent and clear headed of any in the world.

Louisville.

Accompanied by C. L. Williamson, secretary of the Lexington association, President Salisbury, of the National Association, visited Louisville September 11th, and was tendered a luncheon at Pendennis Club by the officers and directors of the local organization. After the luncheon several hours were devoted to sight-seeing, then in the evening President Salisbury was the guest at a banquet attended by a large number of the members of the Louisville association. There was also present R. P. Crockett, of Nashville, a director of the National Association, who came to Louisville to accompany President Salisbury to Nashville.

President Salisbury made an able address on "Our Association—Its Value to the Young Man." R. P. Crockett spoke on "The Credit Man's Ideal," and Mr. Williamson on "The National Interchange of Credit Information," with particular reference to the recent meeting of managers of exchange bureaus held at Niagara Falls. Dr. Ben L. Bruner also spoke on "Some Banking Laws the Credit Man Should Know."

The meeting aroused a great deal of enthusiasm and determination to pursue more vigorously than heretofore the work of the credit men's association in Louisville.

Milwaukee.

The first meeting of the Milwaukee Association of Credit Men in the fall term was in the form of a social held at the Deutscher Club, to which the members were asked to bring their friends and ladies. The meeting was on September 10th, and the weather was so pleasant that dinner was served under a canopy in front of the club house.

A report of the Boston convention was made by August Bogk of the First National Bank, Mr. Bogk dwelling particularly upon the excellence of committee reports and addresses. He congratulated the association upon having been honored by representation in the board of directors of the National Association in the person of Richard J. Morawetz.

Mr. Morawetz was then called upon, and made an extremely interesting talk upon the position occupied at the present time by credit men, laying stress particularly upon what credit men are expected to contribute to commercial affairs, and how through the Credit Men's Association, his work is becoming almost as professional as the generally recognized professions.

D. L. Sawyer reported upon the progress being made in the recently established Bureau of Credit Information. He said that the bureau is rapidly accumulating excellent files, and in a brief time would

be in a position to furnish invaluable information, as are similar bureaus maintained by local associations. He spoke of the movement so firmly started at the Boston convention looking to securing greater uniformity in the matter of exchange of credit information between members and particularly between the interchange bureaus of local associations. He said that while there were many difficulties to dispose of before the plan of interchange by zones could be put into execution, its importance was fully appreciated, and these difficulties were certain to be overcome.

Nashville.

Members of the Nashville Association of Credit Men gave President F. R. Salisbury, of the National Association a royal welcome during his visit through the South last month. As President Salisbury expressed it, when he bade his Nashville brother credit men good bye, "I am fully convinced that the fame of the South for hospitality is not merely romance."

Mr. Salisbury was given a luncheon at the Hermitage Club, which was followed by a drive to the home of "Old Hickory," and then a banquet at the Commercial Club in the evening, when he was greeted by over a hundred members assembled in his honor. At the banquet addresses of welcome were given by President H. T. Hill, of the Nashville association and R. P. Crockett, a local member of the board of directors of the National Association.

Mr. Salisbury in his address declared that a credit man, a member of the National Association, could never possibly feel far away from home, for the fraternal spirit in the Association is becoming more and more dominant, and a spirit of good fellowship and sense of common interest is distinguishing the Association as never before. He said that he believed this fact was a most encouraging sign for the stability and usefulness of the work which credit men have undertaken, and he urged that the National Association continue to broaden its influence and gather in every concern worthy of membership.

President Hill in his address told Mr. Salisbury that the Nashville association had promised itself to go to the next annual convention with two hundred members, and that already they were preparing to "deliver the goods."

J. L. McWhorter, one of the leading members of the Nashville association, made a short address and at the close of the banquet, opportunity was given for every member to give President Salisbury a personal greeting.

Newark.

The Newark Association of Credit Men is beginning to think itself especially favored in being able annually to entertain practically the entire board of directors of the National Association during their annual sessions in New York. This year the banquet was held on September 18th and addresses were made by President Salisbury, of the National Association, Vice-President Charles E. Meek, Secretary J. H. Tregoe, and directors H. G. Moore, F. H. McAdow, W. A. Petzold, F. B. McComas, H. G. Barbee and Ira D. Kingsbury. President Burnett, who is also a director of the National Association, presided, and in his opening remarks, pointed out that it is an unusual privilege to entertain a body of men coming from so many widely separated points as do the directors of the National Association of Credit Men.

All the speakers brought encouraging words as to crop and business conditions. Each declared that his section pointed unmistakably to a wave of prosperity that might be expected to be unparalleled in the commercial history of the country. President Salisbury's message was particularly optimistic. He contrasted the conditions this year with those of the past two years, when in many parts of the Northwest it had been necessary frequently for the great wholesale merchants to carry their customers under trusteeships.

Mr. Meek said that he had just returned from the great convention of the American Bankers' Association, where had been assembled men who were intimately acquainted with the business situation in every corner of the land. He said it was evident that the bankers were deeply impressed with the responsibility that is theirs in moving the tremendous crops of the West and South, calling as it will for an unprecedented amount of money, probably a billion dollars more than it required to move the crops of last year and the year before. He said that here is where the credit man of high calibre can do his work best, for it is his part to help move this harvest safely and thus take his little part in the solution of the cost of living problem.

President Petzold brought a message from Detroit, where, he said, the all-pervading thought was that dishonesty and graft, which had just come to the surface in the political situation of his fair city, must be eliminated. He declared that there was too much graft in business, just as there is in politics, that the reason is that honest men do not fight bravely and fearlessly the dishonesty which is brought clearly before their eyes. "The great work before us today," he said, "is to sharpen the conscience against dishonesty and graft in every form, whether it be in high or low places, in mercantile or municipal life. Business men must feel enough responsibility to their municipality to go to the polling booth to cast their votes, and not leave this work for the lower classes, who, as a consequence of the lethargy of the better classes, get control of politics."

Mr. McAdow spoke on the formation of the prosecution fund under the National Association and expressed the hope that work under this fund should be earnestly and consistently prosecuted.

Mr. Moore brought an eloquent message from the great Middle West, now, as he said, teeming with wealth, full of stores of goodness not only for itself but for the entire country, and Mr. McComas, who had made the journey to the directors' meeting from across the continent, had the close attention of all in his description of the remarkable country to the west of the Rockies.

Pittsburgh.

September 19th was a red letter day with the credit men of Pittsburgh. It was the occasion of their annual meeting, made especially notable by the fact that there were present as guests President F. R. Salisbury of the National Association, and F. H. McAdow of Chicago, W. A. Petzold of Detroit, R. J. Morawetz of Milwaukee, F. B. McComas of Los Angeles and L. B. McCausland of Wichita, directors of the National Association. President Enoch Rauh of the Pittsburgh association, who is also second vice-president of the National Association, presided.

At this meeting, President Rauh was for the fifth time elected pres-

ident of the local association. He had asked his fellow members to elect someone else to this office, but they refused to listen to his urgings. Besides Mr. Rauh, James E. Porter was elected first vice-president, A. F. Maxwell, second vice-president, and Cyrus Lewis, treasurer, all unanimously.

President Rauh presented his annual report, which was a summary of the many and diverse activities of the association. At its conclusion he presented President Salisbury, who told his hearers how impressed he had been with Pittsburgh as a manufacturing and shipping center in the survey which he had been able to make during the afternoon.

F. H. McAdow, who was ranked by his fellows as the "chaperon" of the party, asked the credit men of Pittsburgh to exert themselves even more than in the past to extend the prestige of the National Association to the point where commercial fraud would be impossible. He said that things have come to such pass that the men responsible for swindling operations are acting with a degree of boldness which would indicate that they consider the credit men's associations throughout the country as nothing more than bodies of men "long on" fine ideas but "short on" courage to put their ideas in practice. He congratulated the Pittsburgh association in having adopted a plan whereby commercial fraud was made difficult in the Pittsburgh territory, and declared it would now be for Pittsburgh to help the National Association solve the problems connected with a nationwide crusade against fraud.

The other directors spoke particularly of the development of credit men's work in their respective localities. Mr. McCausland of Wichita said that he knew all Pittsburghers would be interested in a report direct from his great agricultural center that this year's crop is to be greater than has ever been enjoyed about Wichita. He said he needed to tell no Pittsburgher what that fact meant to his city.

At the October third meeting of the Pittsburgh Association of Credit Men, A. J. Kelly, Jr., vice-president of the Flood Commission of Pittsburgh, made an address on "The Necessity for Walling Out Floods and Making Our Wharves Useful for Commerce."

In his address Mr. Kelly explained the item of \$900,000 which the Pittsburgh Council of Nine had placed in the bond issue to be voted upon at the November election for remodelling wharves and constructing a flood wall. He showed what loss had been suffered in and around Pittsburgh by floods, what the city would gain by proper preventive measures, and how better wharves would cheapen transportation through a larger use of the rivers of western Pennsylvania. He brought out clearly that one of Pittsburgh's greatest needs is the increase and simplification of its shipping facilities.

The meeting was largely attended and the deepest interest was shown in Mr. Kelly's topic.

Savannah.

At a recent meeting of the Savannah Association of Credit Men, Captain F. D. Bloodworth, cashier of the National Bank of Savannah, made an address on the proposal to form a national reserve association looking to the reform of our banking and currency problems. He made a very clear statement of the purposes of the National Monetary Commission in drafting its bill, and at the conclusion of his remarks was questioned by the members regarding this and that feature of the measure.

President O'Neal, who is also president of the newly incorporated Savannah Salvage and Adjustment Company, an auxiliary department of the credit men's organization, made a report as to its financial affairs. He said that the Adjustment Company had made itself extremely useful in purchasing in the interest of creditors, merchandise stocks and property for sale in bankruptcy. He said that the presence of this factor in the field acted as a deterrent to habitual offenders against the bankruptcy law, and especially had blocked several collusive bankruptcy sales.

St. Louis.

The first fall meeting of the St. Louis Association of Credit Men was held at the Mercantile Club with an excellent attendance. This was the first meeting presided over by the newly elected president, W. B. Munroe. Twenty-five new members were admitted, and a few words of welcome were given them by one of the most active members, Charles C. Robertson.

The program of the evening had been arranged for by C. W. Hughes, chairman of the entertainment committee, who had secured the Hon. O'Neill Ryan, an honorary member of the association, one of the most able lawyers of the city, to talk on subjects of interest to credit grantors.

After his address the meeting took up for discussion the extension of the Credit Exchange Bureau, A. A. Mayne, chairman of the committee having charge of the bureau, leading in the discussion. The great possibilities of strengthening the St. Louis market through the broad use of this bureau was emphasized and it was determined that special efforts be made during the coming year to build the department up into the strongest possible organization.

St. Paul.

The meeting of the St. Paul Association of Credit Men held September 26th, at the city of Winona, was a great success. Nearly a hundred credit men journeyed by special train from St. Paul, leaving there about noon and arriving at Winona early in the afternoon. The Winona members of the organization, including Messrs. Stott, Kohler, Williams and Meginniss, immediately upon the arrival of the visitors assigned them to automobiles and took them about the beautiful city and into the surrounding country.

After a short stay at the Union Club adjournment was made to the Masonic Temple, where a banquet and meeting was held. An address of welcome was made by George Tawney, response to which was made by the vice-president of the St. Paul association, Norman Fetter. There was an address by Price Wickersham on "The Mission of the Credit Man from an Attorney's Viewpoint." E. P. Bell, credit manager for Stronge and Warner Company of St. Paul, who was born and reared in Winona, made a happy address on "The Prodigal's Return." The Hon. Edward Lees of the Winona bar made an address on "Uniform Legislation," and E. Stott on "What Happened at the Boston Convention."

The guest of honor was Fred R. Salisbury, president of the National Association, who congratulated his organization upon being able to draft for the office of chairman of the membership committee one of St. Paul's leaders, H. W. Parker, around whom he declared the credit men all over

the country would rally to help in making the year 1912-1913 the greatest year the Association has ever enjoyed in membership growth.

Following in line with Mr. Lees' address, Mr. Salisbury touched upon uniform legislation and told what the credit men had been doing to bring about better laws and how they had helped the Commissioners on Uniform State Laws in their endeavors.

It was left to W. F. Kohler, of Winona, to spring the surprise of the program. Mr. Kohler was the last speaker and after paying a tribute to "Minnesota, the state in which we live," said that he wished especially to honor one of its best and most useful citizens, H. W. Parker, who had led all in doing fine, unselfish, magnanimous service for his fellows, not only in the Credit Men's Association, but outside of it. He thereupon presented Mr. Parker, in behalf of the St. Paul association, with a beautiful stick pin as a slight token of appreciation from every member of the association to one "whose zeal and ability had justly entitled him to the highest recognition for cementing ties of good fellowship and giving enduring strength to the association."

Syracuse.

On September 27th the Syracuse Association of Credit Men had an outing at the Anglers' Club. The object was to bring the members together in a purely informal social way, with the hope that as a consequence the active business work of the year would be taken up with more vim. There was present as a guest C. A. Austin, manager of the credit department of the Columbia-Knickerbocker Trust Company of New York.

It was announced at a brief business meeting that the Credit Exchange Bureau had been established and that as rapidly as possible files were being completed and references gathered.

Wichita.

The Wichita Association of Credit Men held its September meeting at the Riverside Club, and was addressed by Earl W. Evans, a member of the Wichita bar, on the subject, "Making Good Lawyers." He said that while it is a matter of common belief that members of the legal fraternity will bear watching, it will be found that back of the crooked lawyer is a crooked client in a majority of cases, and that if all clients were honest there would be few crooked lawyers. He said that the better educated and better organized credit men with whom lawyers must largely deal are, the better legal services will be required, and consequently the demand will be for a better class of lawyers.

Mr. Evans spoke of the plan of the local association to form an adjustment bureau, a committee for this purpose having been appointed at an earlier meeting. He said that while several of the adjustment bureaus of the National Association were doing good work, many of them had fallen far short of what had been expected of them, and that much vigilance would be required to prevent a similar result in Wichita.

President Knorr called particular attention to the work of the Business Literature Committee in preparing the September BULLETIN, which, he said, was an admirable sheet. Its chairman, O. S. Young, was congratulated upon the effective use he was making of his opportunity. The president declared that this committee could do perhaps more than any other in strengthening the organization.

Wants

WANTED—A sales manager by a wholesale grocery house in the northwest. Must be thoroughly conversant with both the buying and selling ends of the wholesale grocery business. Energetic, resourceful, competent to push sales at a profit and with a faculty of getting along with and handling salesmen. Address, giving age, experience, references and tentative amount of salary expected and date can commence, "Goedelco," care National Association of Credit Men, 41 Park Row, New York, N. Y.

WANTED—An office manager with broad experience in electrical or mechanical lines; about thirty-five years of age. Must be thoroughly qualified to handle a large branch office in Chicago, involving considerable detail as to stock, credits, collections and accounting. State past experience fully, and salary. Address A. E. R., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MANAGER, OFFICE MANAGER AND BUSINESS EXECUTIVE, desiring to enter broader fields is open for engagement. Is now associated with the largest dry goods specialty concern on the Pacific coast, covering territory as far east as Texas and Oklahoma. Has had wide experience in handling salesmen, can successfully control the credits and collections and undertake the handling also of matters involving large interests. In short, is competent, capable and efficient in every particular. Has the highest references to offer as to ability and character. Address X. C. Z., care National Association of Credit Men, 41 Park Row, New York, N. Y.

EXPERIENCED CREDIT MAN OR MANAGER would like to hear from reliable progressive company in need of a man of broad business experience. Has been with present Chicago company six years, handling credits and collections; also overseeing expenditures, purchases, etc. Losses for last five years averaged about one-fourth of 1 per cent. Prior to the above connection was nine years with Chicago wholesale offices controlling seven states for large eastern company. Last position with them was that of manager. Catalogue house competition made this line unprofitable. Salary important, but not primary. Age thirty-nine, married. Address R. E. S., care National Association of Credit Men, 41 Park Row, New York, N. Y.

MAN OF WIDE EXPERIENCE in credits and collections, accountancy, office management, systematizing, dictation of correspondence, supervision of agents, and adjustment of claims, desires a position. Has been associated with various kinds of business, including insurance, live-stock, shade roller, automobile tire, and laundry chemical. Can furnish satisfactory references. Good reasons for needing to seek employment at this time. Is energetic, vigorous and progressive. Not necessary that he be confined to some business with which he was previously identified. Can handle almost any kind of office duties, or could be of value on the road. Is married, with small family. Willing to live in any healthful locality where suitable opportunity exists. Correspondence desired. Address, Charles H. White, 1214 Spring Street, Syracuse, N. Y.

CAPABLE, ENERGETIC BUSINESS EXECUTIVE desires permanent connection with reputable house as credit man. Experienced in credits, collections, office managing, auditing, accounting and banking. Age thirty-two, married, best of health, and can furnish A 1 references from previous employers, to interested parties. Address A. N. P., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN AND OFFICE MANAGER, now employed by New York wholesale house, operating throughout United States, desires similar position with house offering good opportunity to a high grade, up-to-date credit man. An experienced accountant and collector, accustomed to large volume of accounts. Tactful and resourceful correspondent. Age twenty-nine; highest credentials. Address F. R. T., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN AND OFFICE MANAGER, of middle age, adequately informed in financial, commercial and manufacturing lines. Thorough business man, highly educated and adapted for executive position requiring tact in suggesting advertising, economical procedure and expansion of trade. Expert accountant,

experienced in systematizing office and business detail and accustomed to special missions. Open for immediate engagement. New York references. Address A. Borseim Pettersen, 2021 St. Charles Avenue, New Orleans, La.

CREDIT MAN WANTS POSITION in the far west. Change made necessary because of wife's health. Four years' legal training. Can give references or bond. \$2,000 first year. Have manufacturing, wholesale and retail experience. Address J. P. N., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN WITH LARGE MANUFACTURING CONCERN, thoroughly familiar with the passing of credits, shipments and correspondence in the United States, South American countries, Mexico and Australia, must change. Reasons commendable. References. Address S. K. R., care of National Association of Credit Men, 41 Park Row, New York, N. Y.

WANTED: POSITION BY YOUNG MAN experienced in credit and collection work and business management. Has a successful record. Correspondence solicited with any large house desiring the services of a capable man. Middle West or West preferred. Address R., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN WITH LARGE MANUFACTURING CONCERN, thoroughly familiar with the passing of credits, shipments and correspondence in the United States, South American countries, Mexico and Australia, must change. Reasons commendable. References. Address S. K. R., care of National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN AND OFFICE MANAGER, is open for engagement. Experienced, resourceful—thoroughly versed in office management accounting, systems, collections, correspondence and credits. Address C. M. O., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN OF WIDE EXPERIENCE wishes employment by a growing, progressive house. Law graduate and member of bar; has had two years' legal experience, one year mercantile agency, and ten years credit management; instructor in credit management in one of the leading universities; age, thirty-seven. Best of references. Address "Credit Engineer," care National Association of Credit Men, 41 Park Row, New York, N. Y.

WANTED—Position as assistant credit man or investigator. Prefer New York. Salary subject to negotiations. Address P. N. J., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN AND OFFICE MANAGER desires a position. Twenty years' experience in wholesale and retail credits, and five years as traveling salesman. Thoroughly conversant with accounts, collections, adjustments and office management. Possessed of tact, initiative, good judgment and executive ability. Address F. J. C., care National Association of Credit Men, 41 Park Row, New York, N. Y.

CREDIT MAN, TREASURER, exceptional ability, ten years present position, seeks opening. Address J. M. C., care National Association of Credit Men, 41 Park Row, New York, N. Y.

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SYRACUSE, N. Y.—Syracuse Association of Credit Men. President, Evans S. Kellogg, The City Bank; Secretary, W. H. Smith, Syracuse Rubber Co.; Asst. Secretary, J. F. Spaulding, Griffin Bldg.

TACOMA, WASH.—Tacoma Association of Credit Men. President, Geo. B. Burke, Bankers Trust Co.; Secretary, J. D. Benner, 802-4 Tacoma Bldg.

TOLEDO, O.—Toledo Association of Credit Men. President, Daniel Segur, Standart-Simmons Hdwe. Co.; Secretary, Lewis B. Hall, 1226 Nicholas Bldg.

UTICA, N. Y.—Utica Association of Credit Men. President, A. H. Dobson, Charles Millar & Son Co.; Secretary, Fred W. Wienke, care Charles Millar & Son Co.

WHEELING, W. VA.—Wheeling Association of Credit Men. President, Geo. D. Maxwell, Hicks and Hoge D. G. Co.; Secretary, John Schellhase, Nat'l Exchange Bank Bldg.

WICHITA, KAN.—Wichita Credit Men's Association. President, Charles Kiforr, Wichita Wholesale Grocery Co.; Secretary, Z. S. Gwaltney, United Electric Co.

WILMINGTON, N. C.—Wilmington Association of Credit Men. President, M. W. Jacobi. N. Jacobi Hdw. Co.; Secretary, Stuart R. Keyes, Bureau of Credits.

YOUNGSTOWN, O.—Youngstown Association of Credit Men. President, J. Howard Edwards, The Edwards Co.; Secretary, W. C. McKain, 1106-7 Mahoning National Bank Bldg.

Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the manager as such.

- ATLANTA, Ga.—H. A. Ferris, Mgr., Rhodes Building.
- BALTIMORE, Md.—S. D. Buck, Mgr., 100 Hopkins Place.
- BOISE, Idaho—D. J. A. Dirks, Mgr., 305-306 Idaho Building.
- BUFFALO, N. Y.—Wilbur B. Grandison, Mgr., 904-6 D. S. Morgan Building.
- BUTTE, Mont.—C. E. Alsop, Mgr., Independent Telephone Building.
- CEDAR RAPIDS, Iowa—Thomas B. Powell, Mgr., 702-4 Security Savings Bank Building.
- CHATTANOOGA, Tenn.—O. P. Darwin, Mgr., Hamilton Nat. Bank Bldg.
- CHICAGO, Ill.—M. C. Rasmussen, Mgr., 10 So. La Salle Street.
- CINCINNATI, Ohio—L. M. Freiberg, Mgr., 904-5 Commercial Tribune Building.
- CLEVELAND, Ohio—Frank B. Bicknell, Mgr., 505 Chamber of Commerce Building.
- COLUMBIA, S. C.—C. J. Kimball, Mgr., 9 Hook Building.
- COLUMBUS, Ohio—B. G. Watson, Mgr., 411-420 The New First National Bank Building.
- DALLAS, Texas—Edw. B. Williams, Mgr., Edw. B. Williams & Co.
- DENVER, Colo.—C. N. Kinney, Mgr., 409 Sugar Building.
- DES MOINES, Iowa—A. W. Brett, Mgr., 708 Youngeman Building.
- DULUTH, Minn.—N. S. Marshall, Mgr., Duluth Jobbers' Credit Bureau, Inc., 621 Manhattan Building.
- EL PASO, Texas—S. W. Daniels, Mgr., 35 City National Bank Building.
- FORT WORTH, Texas—Geo. Q. McGown, Mgr., Reynolds Building.
- GRAND RAPIDS, Mich.—R. J. Cleland, Mgr., 201 Board of Trade Bldg.
- INDIANAPOLIS, Ind.—Indianapolis Credit Men's Adjustment Bureau, 403 Commercial Club Building.
- KANSAS CITY, Mo.—Frank W. Yale, Mgr., 315 Dwight Bldg.
- LEXINGTON, Ky.—C. L. Williamson, Mgr., 726 McClelland Building.
- LOS ANGELES, Cal.—F. C. De Lano, Mgr., 600 Equitable Savings Bank Building.
- LOUISVILLE, Ky.—Chas. Fitzgerald, Mgr., United States Trust Co. Building.
- MILWAUKEE, Wis.—S. Fred. Wetzler, Mgr., 500-501 Free Press Building.
- MINNEAPOLIS, Minn.—J. P. Galbraith, Mgr., 501-508 Endicott Bldg., St. Paul, Minn.
- NEW CASTLE, Pa.—Roy M. Jamison, Mgr., 509 Greer Block.
- NEW ORLEANS, La.—W. C. Lovejoy, Superintendent, 607-609 Canal, La Bank Building.
- NORFOLK, Va.—G. Sellman Williams, Mgr., 211-212 Monticello Arcade Building.
- PHILADELPHIA, Pa.—Edmund S. Mills, Mgr., Room 801, 1011 Chestnut Street.
- PITTSBURGH, Pa.—A. C. Ellis, Mgr., Renshaw Building.
- PORTLAND, Ore.—R. L. Sabin, Mgr., Merchants' Protective Association, 7 First Street.
- PUEBLO, Colo.—E. C. Abel, Mgr., 501 Court Street.
- RICHMOND, Va.—Jos. Lane Stern, Secretary, 905 Travelers' Insurance Building.
- ST. JOSEPH, Mo.—St. Joseph Adjustment Co., Inc., John S. Whithinghill, Mgr.
- ST. LOUIS, Mo.—A. H. Foote, Mgr., 600 Security Building.
- ST. PAUL, Minn.—J. P. Galbraith, Mgr., 501-508 Endicott Building.
- SALT LAKE CITY, Utah—Walter Wright, Mgr., P. O. Box 886.
- SAN DIEGO, Cal.—G. F. Hoff, Mgr., 403-4 Union Building.
- SAN FRANCISCO, Cal.—Ben Armer, Mgr., 499 Monadnock Building.
- SCRANTON, Pa.—Burton L. Harris, Secretary, 31 Lackawanna Avenue.
- SEATTLE, Wash.—S. T. Hills, Mgr., Polson Bldg.
- SPOKANE, Wash.—J. B. Campbell, Mgr., 1124 Old National Bank Building.
- TACOMA, Wash.—J. D. Benner, Mgr., 802-4 Tacoma Bldg.
- WHEELING, W. Va.—John Schellhase, Mgr., Nat'l Exchange Bank Bldg.
- YOUNGSTOWN, Ohio—W. C. McKain, Mgr., 1106-7 Mahoning National Bank Building.